

Doing Business With the Intelligent Systems and Robotics Center (ISRC)

For private companies and other groups outside the US federal government, the ISRC (www.sandia.gov/isrc) is a gateway to the rich technical base of Sandia National Laboratories (Sandia). Being both a research and an applications group, we facilitate access to our own intelligent system (manufacturing, industrial and defense) capabilities, and we take pride in integrating other Sandia technologies into applications for US national security and economic competitiveness.

The purpose of this document is to provide an introduction to the various mechanisms US industry can use to gain access to our technical capabilities, which are themselves described in numerous other documents. Additional information about working with Sandia is available at <http://www.sandia.gov/programs/index.html>. Read the information on Sandia's website and in this document, and feel free to contact the Sandia personnel listed on the website or below to add clarity as needed.

Ray Shaum
(505) 845-8008
rwshaum@sandia.gov

Gordon Leifeste
(505) 845-9358
gtleife@sandia.gov

Following this brief summary is a sample of various technology partnership agreements that Sandia can use with private industry (including non-US government entities). Each agreement type has terms and conditions which the Department of Energy (DOE) has approved. A layman's summary of Intellectual Property management approaches possible with each agreement type is included.

Understanding Sandia

We encourage people outside the DOE complex who wish to work with us to understand the nature of our company. Sandia is a private for-profit company. Under the terms of its contract with the DOE's National Nuclear Security Administration, Sandia is only allowed to accept work from the DOE. Work from other federal agencies and private industry can be performed, provided the DOE assents to the arrangement. Because of the Anti Deficiency Act¹, Sandia is permitted to engage only in cost reimbursement arrangements with full-cost recovery. This information is important because it explains a couple of things:

- Why Sandia does not work with private industry on a fixed price basis;
- Why DOE requires that industry sponsors pay before Sandia is allowed to work.

Sandia is a multi-program engineering and science laboratory. We design all non-nuclear components for the nation's nuclear weapons, perform a wide variety of energy research and development projects, and work on assignments that respond to national security threats — both military and economic². Recognizing our position as a technology resource for the United States, we encourage and seek partnerships with appropriate U.S. industry and government groups to collaborate on emerging technologies that support our mission. Because of the high impact of its national security mission, Sandia must invest

in fundamental research (understanding) and then translate this to an application. Exploration of new and creative ideas is also encouraged through internally funded R&D projects and outside funding. Creativity, understanding, and application are all necessary to support a mission that is "leading edge." Some business leaders have called this "bleeding edge" because of the long-term commitment and investment required. It is also recognized by many in industry that it is this emphasis on sustained commitment to the bleeding-edge that represents the greatest reason US corporations should be eager to work with us. Those who work with us, government as well as private, soon learn that we strive to be strategic allies and not simply suppliers of technology.

Work With Industry is Often Proprietary

Sandia has a very large technology base that can be applied to solve a multitude of problems. Our business practice is to avoid unspecific "technology push." Instead, we prefer to have a specific problem (or class of problems) to solve. Before entering into a working agreement, it is often beneficial for private companies to disclose proprietary information concerning the problem they wish to solve, thus allowing Sandia to consider a specific solution. Sandia's standard nondisclosure agreements can be used to protect sensitive information that is exchanged outside the environment of a specific agreement or license.^{3,4}

Sandia is required to be available within reason to all US industry. There are infrequent occasions when Sandia will work with multiple competitors on similar efforts. When this occurs project team compartmentalization procedures more commonly associated with classified work will be applied to assure that proprietary information is not shared among competitors.

The US Government Wants to Know

Completion of a Participant Data Sheet (PDS)⁵ is required to initiate any of the agreement paperwork described in the following paragraphs. The PDS is used by Sandia to determine the applicability of export laws and Foreign Ownership and Controlling Interest laws, to gather information that will be used to "fill in the blanks" of the agreement documents, and to gather demographic data that must be reported to DOE.

Cooperative Research and Development Agreements (CRADA)

CRADAs are collaborative agreements with industrial partners that benefit the core business of each participant. If a federal agency (including DOE) provides funding to Sandia with the caveat that an industry partner must be a collaborator, the CRADA is cost sharing. Otherwise, the CRADA is usually a funds-in CRADA with all of Sandia's direct funding provided by the industry participant. Whether or not there will be funds-in to Sandia, the industry participant needs to declare the value of its anticipated costs of collaboration, using the methodology appropriate to its business. A document titled "In-Kind Valuation Guidance"⁶ outlines the instructions given to DOE (or Sandia) personnel who must concur with the Participant's estimates.

DOE-approved terms and conditions constitute the main document⁷. Expectations for cost, schedule, performance, quality and quality assurance management, information management, project reporting, roles and responsibilities of the participants are

documented in Appendix A. Appendix B is a non-proprietary abstract that DOE can use to answer questions about the nature of the effort. Appendix C is an option for each party to declare the existence of Background Intellectual Property (IP). Appendix D is appended to the CRADA to identify new CRADA IP. Rights in CRADA IP are usually negotiated before the CRADA is signed, with decisions documented in a separate license agreement. Sandia's normal position is: We own what we invent or create; the Participant owns what the Participant invents or creates; joint inventions or creations are jointly owned. Each party typically provides the other with a nonexclusive royalty-free paid-up license to use and modify (not make, sell or sublicense) the other's CRADA IP. Greater rights can be negotiated. CRADAs are approved at DOE Headquarters. [Hint: If an industry Participant wants greater rights in government-owned IP, offer to pay filing and/or maintenance fees.]

International Proliferation Prevention (IPP) CRADA

One form of CRADA specific to Sandia's non-proliferation work is an IPP CRADA. These activities are partially funded by the DOE and require that 70% of the DOE-funded costs be incurred in one of the Newly Independent States of the Former Soviet Union (FSU). (The remaining 30% of DOE funding is to pay for international project management activities by SNL.) In an effort to create sustainable employment in Russia, Sandia tends to select projects that have the potential for new product manufacturing. Attached information from a November 2001 presentation to US industry documents what Sandia looks for in an IPP project, IPP Industry Participant, and FSU Institute Partner⁹. Manufacturing opportunities are not required, but we have a strong preference to support projects that offer sustainable employment opportunities in Russia once the project is completed. There are a few noteworthy differences from standard CRADAs. One difference relative to IP is that Russian rights to subject IP remain with the Russians. In a separate transaction with the Russians these rights can be licensed by the US Participant. Another difference relative to IP is that the DOE has determined in advance that the Industry Participant will have exclusive commercial rights to subject IP everywhere else in the world. Because IP belongs to the Industry Participant, filing and maintenance fees are funded by the Participant. Must show that it is incurring at least as much cost as the US government. A document titled "In-Kind Valuation Guidance For United States Industry Coalition (USIC) CRADAs¹⁰" outlines the instructions given to Sandia personnel who must concur with the Participant's estimates. Under IPP CRADAs, the industry participant Appendices B, C and D from the standard CRADA document are also used with IPP CRADAs, as appropriate. IPP CRADAs are approved both by DOE Headquarters and USIC, the membership group to which industry participants belong (www.usic.net).

Work for Others / Nonfederal Entities (WFO/NFE)

WFO/NFE agreements make Sandia's unique resources available to state or local government as well as private industry, as long as the work does not compete with capabilities available in the private sector. Sandia's ISRC has an approved Designated Capability (DC)¹¹. All of the resources described on our external website, www.sandia.gov/isrc, can be made available to private industry via DC. Funding to Sandia comes only from the industry Sponsor. If any of the funding to Sandia is

traceable to the federal government, Sandia's normal IP position is: We own what we invent or create; the Sponsor owns what the Sponsor invents or creates; joint inventions or creations are jointly owned. Each party typically provides the other with a nonexclusive royalty-free paid-up license to use and modify (not make, sell or sublicense) the other's Agreement IP. If the funding to Sandia is traceable only to the Sponsor's own resources, Sandia normally waives title to subject IP. Agreements are approved at the DOE Albuquerque Field Office.

User Facilities

User facility agreements give industry and universities access to unique facilities at Sandia. The ISRC is an approved User Facility¹². Lease rates are negotiated. Sandia's normal IP position is that the Sponsor owns what the Sponsor creates. Agreements are approved at the DOE Albuquerque Field Office. Note: this arrangement applies only if the Sponsor does not wish to use Sandia personnel in support of the work.

Personnel Exchange

Technical personnel exchanges allow sharing of employees for up to one year. To be approved, such assignments must be in the best interest of the DOE.

When a Sandia employee is loaned to another company, the terms and conditions of the loan must be spelled out in a letter approved by the DOE Contracting Officer. The person is considered to be an employee of SNL on temporary assignment. If any of the Sponsor's funding to Sandia is traceable to the federal government, Sandia's normal IP position is: We own what we invent or create; the Sponsor owns what the Sponsor invents or creates; joint inventions or creations are jointly owned. Each party typically provides the other with a nonexclusive royalty-free paid-up license to use and modify (not make, sell or sublicense) the other's Agreement IP. If the funding to Sandia is traceable only to the Sponsor's own resources, Sandia normally waives title to subject IP.

Industry sponsors may, with SNL concurrence, assign employees to SNL facilities in support of CRADA activities, User Facility activities, or to facilitate Technical Assistance for a license. The person is considered to be an employee of the Sponsor.

Intellectual Property Licenses

Licenses permit Sandia to assign intellectual property rights for commercialization¹³, evaluation or research. Licenses can be stand-alone documents or refer to a funds-in agreement. Because SNL IP is often not documented or packaged to commercial standards, SNL usually offers a Test & Evaluation license so that the licensee has an opportunity to assess the cost of bringing it to commercial usefulness. For a stand-alone commercial license Sandia requests Business Plan information from the licensee. Nonexclusive commercial licenses to background IP are standard. Greater rights are negotiable, depending on whether a "fair" opportunity has been provided for other companies that would potentially be interested in a license. Up-front fees, technical assistance by Sandia, and running royalties are negotiated. Licenses are approved locally by Sandia.

Responding Jointly to Government Solicitations

Many private companies ask if it is possible to team with Sandia on a response to a solicitation by the US government. Yes, it is possible. However, Sandia must be kept itself available to all potential competitors under a concept known as Fairness of Opportunity. When federal agencies make awards to this type of joint response, they will sometimes want Sandia to be the prime contractor, sometimes want the industry participant to be the prime contractor, and sometime want to give funding to Sandia separately from giving funding to the industry prime contractor. To avoid possible misunderstandings and procedural errors (usually fatal in a competitive solicitation), it is best if this type of discussion is held with one of the Sandia personnel identified previously, Ray Shaum or Gordon Leifeste, well in advance of any proposal preparation work by Sandia.

References:

1. History of Budget Laws, <http://www4.law.cornell.edu/uscode/31/1341.html>
2. Primary Responsibilities, <http://www.sandia.gov/programs/index.html>
3. Sandia's Model One-Way In Nondisclosure Form (page 6)
4. Sandia's Model Two-Way Nondisclosure Form (page 9)
5. Technology Transfer Participant Data Sheet (Ver. 06/09/99) (page 12)
6. In-Kind Valuation Guidance (4/00) (page 14)
7. Stevenson-Wydler (15 U.S.C. 3710) Cooperative Research and Development Agreement, SF 4890 CM (09-13-01) (page17)
 - a. Project Letter Agreement (page57)
 - b. Abstract Format Description (page 32)
 - c. Background Intellectual Property (page 35)
 - d. Confirmatory License Form (page36)
8. Stevenson-Wydler (15 USC 3710) Cooperative Research and Development Agreement Master Terms and Conditions, SF 4890-MO USIC (09-98, Rev. SNL 07-28-99) (page37)
 - a. Project Letter Agreement (page57)
 - b. Abstract Format Description (page 32)
9. Commercialization of NIS Technologies (page 54)
10. In-Kind Valuation Guidance for United States Industry Coalition (USIC) CRADAs (page 63)
11. Funds-In Agreement (page 68)
 - a. Statement of work (page 71)
 - b. Patent Rights – Use of Facilities (page 72) or Class Waiver (page 75)
 - c. Rights in Technical Data – Use of Facilities (page 78)
12. User Agreement (page 80)
 - a. Statement of work (page 82)
 - b. Billing (page 83)
 - c. Patents and Technical Data (page 84)
13. Sample Commercial License Agreement (page 86)

NONDISCLOSURE AGREEMENT

Sandia's Model One-Way In Nondisclosure Form
Template Last Revised, 10/9/01

THIS AGREEMENT is between _____ (COMPANY), having an office for the transaction of business at _____ and Sandia Corporation (SANDIA), operator of Sandia National Laboratories under Contract Number DE-AC04-94AL85000 for the U.S. Department of Energy (DOE), with principal offices located in Albuquerque, New Mexico.

WHEREAS, it is necessary and desirable for SANDIA to have access to certain of COMPANY's information which COMPANY considers Proprietary Information (Information) and described as _____. [Preparer: describe the proprietary information the other company will disclose]

The sole purpose (Purpose) of this exchange of Information is to: _____ [Preparer: insert the purpose of this agreement, for example, "to permit the parties to evaluate the Information," or, "to explore collaborative business opportunities," etc.], pursuant to the following terms and conditions

THEREFORE, SANDIA agrees:

1. SANDIA shall protect only COMPANY Information that is either:
 - a. disclosed in writing or other tangible form and plainly marked as COMPANY's Information.
 - b. disclosed in another manner and identified as proprietary at the time of disclosure and summarized and designated proprietary in a written memorandum delivered to SANDIA within thirty (30) days of the disclosure.
2. SANDIA shall:
 - a. not disclose Information to any third party.
 - b. use such Information only to the extent necessary for the aforesaid Purpose.
 - c. limit access to Information to such of its employees and contractors reasonably requiring same for the aforesaid Purpose and who are obligated to treat the same as confidential and in the same manner and equivalent extent as provided herein with regard to confidentiality, nonuse and nondisclosure.
 - d. not remove the proprietary marking from any of COMPANY's Information.
3. The nondisclosure obligations hereunder shall not apply to any Information that:
 - a. is or becomes part of the public domain through no fault of SANDIA.
 - b. was already known to SANDIA prior to receipt from COMPANY.
 - c. is lawfully disclosed to SANDIA by a third party who is not under any obligation of confidentiality to COMPANY with respect to such Information.
 - d. is at any time developed by SANDIA independently without the use of COMPANY's Information.

4. COMPANY acknowledges that DOE has audit and inspection rights over all activities conducted at Sandia's location. COMPANY hereby permits the exercise of such rights in conjunction with SANDIA's activities which may involve Information disclosed to SANDIA hereunder; provided, however, that any disclosure to DOE is further protected under 18 USC 1905.
5. No license to SANDIA, under any patent, trademark, copyright, mask work or any other intellectual property right of COMPANY, is either granted or implied by the conveying of Information to SANDIA. None of the Information that may be disclosed by the COMPANY to SANDIA shall constitute any representation, warranty, assurance, guarantee or inducement by the COMPANY to SANDIA of any kind whatsoever other than as set forth herein to accomplish the purpose of this Agreement.
6. Neither this Agreement nor the disclosure or receipt of Information shall constitute or imply any promise or intention to make any purchase of products or services by either party, or any commitment by either party with respect to the present or future marketing of any product or service. If SANDIA awards a procurement contract to COMPANY in anyway related to COMPANY'S Information, the terms and conditions of the procurement contract shall take precedence over any and all terms and conditions of this Agreement.
7. All Information shall remain the COMPANY's property and shall be destroyed or returned upon written request or upon SANDIA's determination that it no longer has a need for such Information.
8. Either party may upon prior written notice to the other party cease to provide and/or receive any further disclosures of Information from the other party.
9. The term of this Agreement, which is the actual length of time during which Information may be disclosed, shall expire ____years from the date of acceptance of this Agreement by Company and Sandia, whichever is the last to accept this Agreement.
10. The obligations of this Agreement with respect to confidentiality, nonuse and nondisclosure shall expire two (2) years from the date of expiration of this Agreement.
11. This Agreement shall be made under, and shall be governed by and construed in accordance with the laws of the State of New Mexico, excluding its choice of law provisions.
12. COMPANY warrants that it has the right to disclose Information to SANDIA.
13. All notices and/or correspondence hereunder, shall be mailed, faxed or hand-delivered and addressed as follows: for SANDIA: _____, Org. _____, MS _____, Sandia National Laboratories, P. O. Box 5800, Albuquerque, New Mexico 87185- , Phone and fax numbers and e-mail address; for COMPANY: Contact name, address, phone and fax numbers and e-mail address.

This Agreement states the entire agreement between the parties superceding all prior agreements. If any part is held invalid or unenforceable, such portion is stricken without effect on the remainder of the agreement.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Agreement as set forth below.

SANDIA CORPORATION

COMPANY

By _____
Name:
Title: Director

By _____
Name:
Title:

Date: _____

Date: _____

MUTUAL NONDISCLOSURE AGREEMENT

Sandia's Model Two-Way Nondisclosure Form
Template Last Revised, 10/9/01

THIS AGREEMENT is between _____ (COMPANY), having an office for the transaction of business at _____ and Sandia Corporation (SANDIA), operator of Sandia National Laboratories under Contract Number DE-AC04-94AL85000 for the U.S. Department of Energy (DOE), with principal offices located in Albuquerque, New Mexico.

WHEREAS, it is necessary and desirable for each party to have access to certain Proprietary Information (Information) developed by the other party relating to: COMPANY:

_____; SANDIA: _____
[Preparer: specifically describe the proprietary information each party will disclose].

The sole purpose (Purpose) of this exchange of Information is to:

_____. [Preparer: insert the purpose of this agreement, for example, "to permit the parties to evaluate the Information," or, "to explore collaborative business opportunities," etc.], pursuant to the following terms and conditions.

THEREFORE, COMPANY AND SANDIA AGREE:

1. Receiving party shall protect only supplying party's Information that is either:
 - a. disclosed in writing or other tangible form and plainly marked as the supplying party's Information.
 - b. disclosed in another manner and identified as proprietary at the time of disclosure, and summarized and designated proprietary in a written memorandum delivered to receiving party within thirty (30) days of the disclosure.
2. Receiving party shall:
 - a. not disclose Information to any third party.
 - b. use such Information only to the extent necessary for the aforesaid Purpose.
 - c. limit access to Information to such of its employees and contractors reasonably requiring same for the aforesaid Purpose and who are obligated to treat the same as confidential and in the same manner and equivalent extent as provided herein with regard to confidentiality, nonuse and nondisclosure.
 - d. not remove the proprietary marking from any of the supplying party's Information.
3. The nondisclosure obligations hereunder shall not apply to any Information that:
 - a. is or becomes part of the public domain through no fault of the receiving party.
 - b. was already known to the receiving party prior to receipt from the supplying party.
 - c. is lawfully disclosed to receiving party by a third party who is not under any obligation of confidentiality to the supplying party with respect to such Information.
 - d. is at any time developed by receiving party independently without the use of supplying party's Information.

4. COMPANY acknowledges that DOE has audit and inspection rights over all activities conducted at Sandia's location. COMPANY hereby permits the exercise of such rights in conjunction with Sandia's activities which may involve Information disclosed to Sandia hereunder; provided, however, that any disclosure to DOE is further protected under 18 USC 1905.
5. No license to a party, under any patent, trademark, copyright, mask work or any other intellectual property right of either party, is either granted or implied by the conveying of Information to such party. None of the Information that may be disclosed or exchanged by the parties shall constitute any representation, warranty, assurance, guarantee or inducement by either party to the other party of any kind whatsoever other than as set forth herein to accomplish the purpose of this Agreement.
6. Neither this Agreement nor the disclosure or receipt of Information shall constitute or imply any promise or intention to make any purchase of products or services by either party, or any commitment by either party with respect to the present or future marketing of any product or service. If SANDIA awards a procurement contract to COMPANY in anyway related to COMPANY'S Information, the terms and conditions of the procurement contract shall take precedence over any and all terms and conditions of this Agreement.
7. All Information shall remain the property of the supplying party and shall be returned upon written request or upon receiving party's determination that it no longer has a need for such Information.
8. Either party may upon sixty (60) days prior written notice to the other party cease to provide and/or receive any further disclosures of Information from the other party.
9. Any Information that is or will be provided under this Agreement is provided "as is" with no express or implied warranties whatsoever, including the implied warranties of merchantability and fitness for a particular purpose. Neither party shall have any liability whatsoever for direct, indirect, or consequential damages which arise out of receiving party's use of the Information under this Agreement.
10. The Term of this Agreement, which is the actual length of time during which Information will be disclosed, shall expire ____ years from the date of acceptance of this Agreement by Company and Sandia, whichever is the last to accept this Agreement.
11. Each party warrants that it has the right to disclose Information to the other.
12. The obligations of this Agreement with respect to confidentiality, nonuse and nondisclosure shall expire three (3) years from the date of expiration of this Agreement.
13. This Agreement shall be made under, and shall be governed by and construed in accordance with the laws of the State of New Mexico, excluding its choice of law provisions.
14. Both parties agree not to export Information without both the written approval of the other party and a proper export license.

15. All notices and/or correspondence hereunder, shall be mailed, faxed or hand-delivered and addressed as follows: for SANDIA: _____, Org. _____, MS _____, Sandia National Laboratories, P. O. Box 5800, Albuquerque, New Mexico 87185-_____, Phone, Fax, e-mail address; for COMPANY: Contact Name, address, phone and fax numbers, e-mail address.

This Agreement states the entire agreement between the parties superceding all prior agreements. If any part is held invalid or unenforceable, such portion is stricken without effect on the remainder of the agreement.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Agreement as set forth below.

SANDIA CORPORATION

<COMPANY NAME>

By _____
Name:
Title: Director

By _____
Name:
Title:

Date: _____

Date: _____

Sandia National Laboratories

Technology Transfer Participant Data Sheet

Ver. 06/09/99

Sandia Internal Use: Agreement Number _____				Contact Number _____				
In Part 1.0, please provide a corporate address for our long-term records and communications with your company.								
1.0	Company Name:					DUNS No.:		
	Express Mail Address:							
	City:							
	Zip/Postal Code:			State		Country		
	Company Email Address:			Area Code/Phone:		Area Code/FAX:		
	Parent Company (if applicable):				Web site:			
2.0 In Part 2, please provide specific points of contact within your company. Provide relevant information, only if different from Part 1.0.								
2.1	Please provide the technical point of contact within your company with whom our technical staff will be working.							
	Name:							
	Express Mail Address:					Email:		
	City:		State:		Country:			
	Zip/Postal Code:		Area Code/Phone:		Area Code/FAX:			
	2.2 This agreement may involve the negotiation of business terms and conditions between your company and Sandia. Please provide the point of contact within your company who will negotiate these business issues.							
2.3	Name:							
	Express Mail Address:					Email:		
	City:		State:		Country:			
	Zip/Postal Code:		Area Code/Phone:		Area Code/FAX:			
	2.4 This agreement may involve financial billing by Sandia. Please provide your company's point of contact for billing issues.							
	2.5	Name:						
Express Mail Address:					Email:			
City:		State:		Country:				
Zip/Postal Code:		Area Code/Phone:		Area Code/FAX:				
3.0 The information in Part 3.0 is optional and may be provided at the discretion of the Participant. For some agreement types, this information may be required in the future.								
Primary SIC Code:				No. of Employees:				
Secondary SIC Code:				Annual Revenue:				
4.0 Are any employees of the company listed in Part 1.0 above, who are involved in negotiating this agreement, either current or former ("former" means within the last two years):								
4.1	Sandia employees?	Current	<input type="checkbox"/>	Former	<input type="checkbox"/>	<input type="checkbox"/>	No	
4.2	Sandia consultants or contractors?	Current	<input type="checkbox"/>	Former	<input type="checkbox"/>	<input type="checkbox"/>	No	
4.3	Lockheed Martin employees?	Current	<input type="checkbox"/>	Former	<input type="checkbox"/>	<input type="checkbox"/>	No	
4.4	Department of Energy employees?	Current	<input type="checkbox"/>	Former	<input type="checkbox"/>	<input type="checkbox"/>	No	
Name the individual(s) and associations, if any, on an attachment.								

5.0 The company listed in Part 1.0 is (check all that apply):		
5.1 <input type="checkbox"/> A small business (less than 500 employees) pursuant to 13 C.F.R. Part 121, Small Business Regulations 5.2 <input type="checkbox"/> A large business (500 or more employees) 5.3 <input type="checkbox"/> A non-profit organization or business under the Internal Revenue Code Sections 501 or 503 5.4 <input type="checkbox"/> A consortium or member of a consortium or partnership under the potential agreement 5.5 <input type="checkbox"/> Formed as a joint venture 5.6 <input type="checkbox"/> A trade association 5.7 <input type="checkbox"/> A Lockheed Martin company 5.8 <input type="checkbox"/> A local government entity 5.9 <input type="checkbox"/> A state government entity 5.10 <input type="checkbox"/> A U.S. government agency	5.11 <input type="checkbox"/> A contractor to a U.S. government agency requesting access to Sandia intellectual property for use on behalf of the U.S. Government 5.12 <input type="checkbox"/> A university / education institution 5.13 <input type="checkbox"/> An historically Black college or university 5.14 <input type="checkbox"/> A certified 8A firm 5.15 <input type="checkbox"/> A disadvantaged business 5.16 <input type="checkbox"/> A woman-owned business 5.17 <input type="checkbox"/> A minority-owned business 5.18 <input type="checkbox"/> A Native American-owned business 5.19 <input type="checkbox"/> An Hispanic-owned business 5.20 <input type="checkbox"/> An African American-owned business 5.21 <input type="checkbox"/> An Asian-owned business 5.22 <input type="checkbox"/> None of the above (Explain on separate sheet)	
If 5.4, 5.5, or 5.6 is checked, is the signatory to this document authorized to bind all the members of the consortium, partnership, joint venture, or trade association to the terms and conditions in the proposed agreement? YES <input type="checkbox"/> NO <input type="checkbox"/>		
If 5.11 is checked:		
U.S. government agency:		Federal contract number:
6.0 The company listed in Part 1.0 is (check at least one; more than one, if applicable):		
6.1 <input type="checkbox"/> A U.S.-owned business	<input type="checkbox"/> A U.S.-controlled business	State of Incorporation:
6.2 <input type="checkbox"/> A non U.S.-owned business	<input type="checkbox"/> Controlled by a non U.S. entity	Country of Incorporation:
6.3 <input type="checkbox"/> A multi-national company (i.e., U.S.-owned with foreign research and/or manufacturing facilities) Does the company have operations in the United States? YES <input type="checkbox"/> NO <input type="checkbox"/>		
7.0 Will any products, processes, or services for use or sale in the United States that result from inventions or other intellectual property arising from the performance of the anticipated agreement be substantially manufactured in the United States? YES <input type="checkbox"/> NO <input type="checkbox"/>		
8.0 Within the company (or subcontractors to the company) listed in Part 1.0, is the recipient(s) of the information or intellectual property contemplated under an agreement with Sandia a U.S. citizen? YES <input type="checkbox"/> NO <input type="checkbox"/>		
8.1 If 8.0. is NO, of what country(s) is the recipient(s) a citizen?		U.S. immigration status:
9.0 Will the Federal Acquisition Regulations or the Federal Grant and Cooperation Agreement Act (31 U.S.C. 6301-6308), apply to any of the funds to be used in performance of the proposed agreement? YES <input type="checkbox"/> NO <input type="checkbox"/>		
10.0 Is the company listed in Part 1.0 a debarred, suspended, or ineligible contractor as defined in the Federal Acquisition Regulation 9.4? YES <input type="checkbox"/> NO <input type="checkbox"/>		
11.0 Abstract (FOR CRADA PARTICIPANTS ONLY): This brief, non-proprietary, non-sensitive description of work to be performed under the CRADA will be used by Sandia for reporting to the DOE Office of Science & Technical Information and for responding to public requests for information		
I hereby represent that the above information may be relied upon for purposes of entering into the proposed agreement		
Name:		Signature:
Title:		Date:

IN-KIND VALUATION GUIDANCE

A. BACKGROUND

DOE requires that Sandia's CRADA process includes a review of the Participant's in-kind contributions to ensure that they are appropriate and reasonably valued. The following guidelines for use in this process have been prepared by Sandia Business Development.

The guidelines are to be used where necessary as the following (typical) sequence is followed. The Participant provides an estimate of their in-kind contribution in the course of developing the Statement of Work with laboratory personnel. The laboratory Principal Investigator (PI), with knowledge of the Participant's project tasks, will review the Participant's estimate of in-kind cost and employ their experience and general knowledge relating to the value of goods and services to determine whether the Participant's expressed values of in-kind contributions are reasonable. The PI will use the guidelines in the determination of reasonableness, sharing them with the Participant as necessary. Tangible evidence of the PI's determination is made available in the CRADA file.

B. GUIDELINES

Assets: Personnel, Services, and Property

Expenditure Period: After CRADA is approved by DOE and signed by all parties.

Personnel

Personnel includes salary, fringes, overhead, indirect costs, and relocation for permanent or temporary personnel for the performance of the CRADA.

Valuation Method: The approximate costs for the types of individuals being supplied can be used. For example, if the participant is supplying one engineer and one technician in each year of the project, and the average cost for each at the participant's site is \$150,000/year and \$125,000/year respectively, the total in-kind labor contribution from the participant would be \$275,000/year. Alternatively, the participant may use the average cost of a full-time equivalent (FTE) in their organization.

Notes:

- 1) The participant should not count market research activities unless they can be shown to directly benefit the research and development efforts of the CRADA. These benefits must be thoroughly documented in the Joint Work Statement.

Services

Services includes travel, direct support, purchases for services, and other charges made to support the CRADA effort.

Valuation Method: The participant may count the cost of such services during performance of the CRADA provided they are judged appropriate by Sandia.

Property

Property includes purchases for non-capital equipment and supplies made to support the CRADA effort as well as special property such as materials.

Valuation Method: The participant may count the market value of property being supplied during performance of the CRADA. If the market value for the property is not available, then the

participant can estimate the market value by considering: (1) the replacement cost of this property and (2) the fair market value of the property from other sources.

Note:

The participant may count the market value of a tangible property that is consumed during the CRADA, but the participant cannot count the development costs that went into developing the property; i.e., pre-CRADA development costs are not allowed as in-kind contributions.

Asset: Equipment or Facility Usage

Expenditure period: After the CRADA is approved by DOE and signed by all parties.

Equipment Usage

Valuation methods: One of three valuation methods may be used: (1) the actual cost of the lease; (2) a standard straight line depreciation; or (3) a percentage of useful life of the equipment used under the CRADA.

The first method, actual value of a lease, may be used when the equipment is being supplied as in-kind under a lease from the private sector.

The second method, a standard (IRS-type) straight line depreciation technique, should be used when the equipment is procured primarily for this subject CRADA and the participant will retain the equipment after the CRADA is complete. The DOE does not include depreciation in its estimate of the department's contribution to the CRADA for matching purposes. The department's matching contributions are operating costs only. Any calculation of depreciation and department overhead is for informational purposes only. Consequently, it is generally considered inappropriate for participants to include depreciation as part of their in-kind contribution. However, where capital items are procured specifically for the performance of a CRADA, a proportional depreciation charge related to that item may be included as part of the in-kind contribution even though the item may have a useful life beyond the participant's performance of the CRADA.

The third method is to determine the percentage of the equipment's useful life that will be consumed during the CRADA. Sandia and the participant must agree on how to spread the cost of the equipment over the CRADA period (using Generally Accepted Accounting Principles or a similar method).

If title to the equipment is donated to the contractor or the government at no cost to the government, or the property will be fully consumed during the project, a reasonable price not in excess of the fair market value at the time of donation should be established.

Note:

The second and third methods do not apply to in-house equipment such as computer equipment. This type of equipment is normally considered to be overhead, which is not considered an in-kind contribution.

Facility Usage

A facility consists of experienced staff and special equipment that provides competence in a technological area; e.g., an aviation high velocity wind tunnel test facility or an automotive test track.

Valuation Methods: There are two ways the incremental use of a facility can be evaluated: (1) divide the costs into in-kind personnel costs and equipment usage described above, or (2) calculate an hourly rate for the facility based on the cost of personnel and equipment usage, as is done for Sandia's User Facilities.

Note:

Costs associated with the building housing the facility are not allowed.

Asset: Background Intellectual Property (Patents, Copyrights, Trademarks, Mask Works, etc.)

Expenditure Period: Prior to signing the CRADA.

Valuation Method: Provided Sandia needs a license to use a prior patent or copyright in the performance of the CRADA and that this license has follow-on use and benefit to DOE or Sandia (for example, a license necessary to improve Sandia's core competencies), the participant may count the market value of a non-exclusive, royalty-free license to Sandia. If the market value for such a license is not available, then the participant can estimate the market value of such a license by determining a reasonable market value for the intellectual property (IP). In estimating the value of the license, consideration will be given to the breadth of the license (Government-wide or Laboratory/Production Facility only), the estimated royalty payments the government would have to make in the absence of such a license, and the duration of the unexpired term of the intellectual property.

Notes:

- 1) If the background IP is only beneficial to the performance of the CRADA and has no follow-on benefit to DOE or Sandia, then the IP is considered to be part of pre-CRADA development costs, which are not allowed as part of the in-kind contribution.
- 2) The total amount invested by the participant in developing an IP is not relevant to its market value; i.e., pre-CRADA development costs are not allowed.
- 3) If the participant's background intellectual property is being licensed to the laboratory/production facility or the Government under some other program and under conditions that include the CRADA, such as "for Government purposes," the cost is not allowed. The laboratory or production facility and the participant should verify in writing that such a license does not exist before the cost is allowed.

Asset: Data

Data consist of information (as opposed to intellectual property) that will be used in testing, design, or development during the CRADA effort. If the information is to be used only to benefit the participant in the performance of the CRADA, its acquisition costs will not be allowed because they are pre-CRADA development costs. If the information will have follow-on use or provide benefit to the laboratory/production facility and is not obtainable through other sources, a fair market value for the information will be permitted as an in-kind contribution.

Expenditure Period: Prior to signing the CRADA.

Valuation method: Provided Sandia needs the data in performance of the CRADA and this data has follow-on use, rights, and benefit to DOE or Sandia, the participant may count the market value of the data. If the market value of the data is not available, then the participant can estimate the market value of such data by determining a reasonable market value for it.

Note:

If the data is only beneficial to the performance of the CRADA, then it is pre-CRADA development costs, which are not allowed as in-kind contributions.

[Note: All information in blue type and brackets is either instructional or a placeholder, and it should be deleted and/or replaced with information (in black type) that is applicable to the specific CRADA agreement.]

STEVENSON-WYDLER (15 U.S.C. 3710)
COOPERATIVE RESEARCH AND DEVELOPMENT
AGREEMENT (hereinafter "CRADA") No. [SCXX/0XXXX]

[Title]

BETWEEN
Sandia Corporation
(a wholly owned subsidiary of Lockheed Martin Corporation)
As Operator of Sandia National Laboratories
under its U.S. Department of Energy Contract
No. DE-AC04-94AL85000
(hereinafter "Sandia")

AND
[Participant]
a corporation of the State of [State]
having a principal office in [Town, State]
(hereinafter "Participant"),

both being hereinafter jointly referred to as
the "Parties" or individually as a "Party."

ARTICLE I. DEFINITIONS

- A. "Government" means the Federal Government of the United States of America and agencies thereof.
- B. "DOE" means the Department of Energy, an agency of the Federal Government.
- C. "Contracting Officer" means the DOE employee administering Sandia's DOE Contract.
- D. "Generated Information" means information produced in the performance of this CRADA.
- E. "Proprietary Information" means information which embodies (i) trade secrets or (ii) commercial or financial information which is privileged or confidential under the Freedom of Information Act (5 U.S.C. 552(b)(4)), either of which is developed at private expense outside of this CRADA and which is marked as Proprietary Information.
- F. "Protected CRADA Information" means Generated Information which is marked as being Protected CRADA Information by a Party to this CRADA and which would have been Proprietary Information had it been obtained from a non-Federal entity.
- G. "Subject Invention" means any invention of Sandia or Participant conceived or first actually reduced to practice in the performance of work under this CRADA.
- H. "Intellectual Property" means patents, copyrights, Trademarks, Mask Works, and other forms of comparable property rights protected by Federal law and foreign counterparts, except trade secrets.

I. "Trademark" means a distinctive mark, symbol, or emblem used in commerce by a producer or manufacturer to identify and distinguish its goods or services from those of others.

J. "Service Mark" means a distinctive word, slogan, design, picture, symbol, or any combination thereof, used in commerce by a person to identify and distinguish its services from those of others.

K. "Mask Work" means a series of related images, however fixed or encoded, having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product and in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product.

L. "Background Intellectual Property" means the Intellectual Property identified by the Parties in Appendix C, Background Intellectual Property, which was in existence prior to or is first produced outside of this CRADA, except that in the case of inventions in those identified items, the inventions must have been conceived outside of this CRADA and not first actually reduced to practice under this CRADA to qualify as Background Intellectual Property. Licensing of Background Intellectual Property, if agreed to by the Parties, shall be the subject of separate licensing agreements between the Parties.

M. "Foreign Interest" (RESERVED)

N. "Foreign Ownership, Control, or Influence (FOCI)" (RESERVED)

O. "Affiliate(s)" (RESERVED)

ARTICLE I.1 SPECIAL PARTICIPANT REPRESENTATION (RESERVED)

ARTICLE II. STATEMENT OF WORK

Appendix A, Statement of Work, is an integral part of this CRADA.

ARTICLE III. TERM, FUNDING, AND COSTS

A. The effective date of this CRADA shall be the latter date of (1) the date on which it is signed by the last of the Parties or (2) the date on which it is approved by DOE. The work to be performed under this CRADA shall be completed within _____ () months from the effective date. The term of this CRADA may be extended by mutual, written agreement of the Parties. A copy of this time-only extension, signed by both Parties, shall be provided to DOE by Sandia.

B. The Participant's estimated contribution is \$_____, which includes \$_____ in-kind, \$_____ funds-in, and \$_____ for the Federal administrative charge. The Government's estimated contribution, which is provided through Sandia's contract with DOE, is \$_____, subject to available funding. The total estimated value of this CRADA is \$_____.

[The source of funding for each CRADA will determine the actual language used in this section.]

C. Neither Party shall have an obligation to continue or complete performance of its work at a contribution in excess of its estimated contribution as contained in Article III.B., above, including any subsequent amendment.

D. Each Party agrees to provide at least thirty (30) days notice to the other Party if the actual cost to complete performance will exceed the estimated cost.

E. [Payment Terms, such as the 90-day funding reserve requirement and 3% Federal administrative charge (FAC), will be inserted here for CRADAs that include funds-in (i.e., monetary funding from the Participant to Sandia). This entire paragraph will be deleted if it is not applicable to this agreement.]

ARTICLE IV. PERSONAL PROPERTY

Participant shall have title to any tangible personal property costing greater than \$5,000, which Sandia produces or acquires using solely the Participant's funds under this CRADA (unless specified otherwise in Appendix A). The Government shall have title to all other tangible personal property produced or acquired by Sandia. Personal property shall be disposed of as directed by the owner at the owner's expense. All jointly funded property shall be owned by the Government.

ARTICLE IV.1. LOANED/BORROWED PROPERTY (RESERVED)

ARTICLE V. DISCLAIMER

THE GOVERNMENT, THE PARTICIPANT, AND SANDIA MAKE NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS CRADA, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT. NEITHER THE GOVERNMENT, THE PARTICIPANT, NOR SANDIA SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES ATTRIBUTED TO SUCH RESEARCH OR RESULTING PRODUCT, INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS CRADA.

ARTICLE VI. PRODUCT LIABILITY

Except for any liability resulting from any negligent acts or omissions of Sandia, the Participant indemnifies and holds harmless the Government and Sandia for all damages, costs, and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of the Participant, its assignees, or licensees, which was derived from the work performed under this CRADA. In respect to this article, neither the Government nor Sandia shall be considered assignees or licensees of the Participant, as a result of reserved Government and Sandia rights. The indemnity set forth in this paragraph shall apply only if the Participant shall have been informed as soon and as completely as practical by Sandia and/or the Government of the action alleging such claim and shall have been given an opportunity, to the maximum extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and Sandia and/or the Government shall have provided all reasonably available information and reasonable assistance requested by the Participant. No settlement for which the Participant would be responsible shall be made

without the Participant's consent unless required by final decree of a court of competent jurisdiction.

ARTICLE VII. OBLIGATIONS AS TO PROPRIETARY INFORMATION

A. Each Party agrees to not disclose Proprietary Information provided by another Party to anyone other than the CRADA Participant and Sandia without written approval of the providing Party, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 U.S.C. 1905).

B. If Proprietary Information is orally disclosed to a Party, it shall be identified as such, orally, at the time of disclosure and confirmed in a written summary thereof, appropriately marked by the disclosing Party, within thirty (30) days as being Proprietary Information.

C. Proprietary Information in tangible form shall be returned to the disclosing Party or destroyed with a certificate of destruction submitted to the disclosing Party upon termination or expiration of this CRADA, or during the term of this CRADA upon request by the disclosing Party.

D. All information marked as Proprietary Information shall be protected by the recipient as Proprietary Information for a period of two (2) years from the effective date of this CRADA, unless, as shown by the recipient, such Proprietary Information becomes publicly known without the fault of the recipient, comes into recipient's possession from a third party without an obligation of confidentiality on the recipient, is independently developed by recipient's employees who did not have access to such Proprietary Information, is released by the disclosing Party to a third party without restriction, or is released for disclosure with the written consent of the disclosing Party.

ARTICLE VIII. OBLIGATIONS AS TO PROTECTED CRADA INFORMATION

A. Each Party may designate as Protected CRADA Information any Generated Information produced by its employees which meets the definition of Article I.F. and, with the agreement of the other Party, so designate any Generated Information produced by the other Party's employees which meets the definition of Article I.F. All such designated Protected CRADA Information shall be appropriately marked.

B. For a period of three (3) years from the date Protected CRADA Information is produced, the Parties agree not to further disclose such information except:

- (1) as necessary to perform this CRADA;
- (2) as provided in Article XI, REPORTS AND ABSTRACTS;
- (3) as requested by the DOE Contracting Officer to be provided to other DOE facilities for use only at those DOE facilities with the same protection in place; or
- (4) as mutually agreed by the Parties in advance.

C. The obligations of paragraph B above shall end sooner for any Protected CRADA Information which shall become publicly known without fault of either Party, shall come into a Party's possession without breach by that Party of the

obligations of paragraph B above, or shall be independently developed by a Party's employees who did not have access to the Protected CRADA Information.

ARTICLE IX. RIGHTS IN GENERATED INFORMATION

The Parties agree that they shall have no obligations of nondisclosure or limitations on their use of, and the Government shall have unlimited rights in, all Generated Information produced and information provided by the Parties under this CRADA, except for (a) information which is marked as being copyrighted (subject to Article XIII) or as Protected CRADA Information (subject to Article VIII.B.) or as Proprietary Information (subject to Article VII.B.), or (b) information that discloses an invention which may later be the subject of a U.S. or foreign patent application.

ARTICLE X. EXPORT CONTROL/FOREIGN OWNERSHIP AND CONTROL

A. THE PARTIES UNDERSTAND THAT MATERIALS AND INFORMATION RESULTING FROM THE PERFORMANCE OF THIS CRADA ARE SUBJECT TO EXPORT CONTROL LAWS AND THAT EACH PARTY IS RESPONSIBLE FOR ITS OWN COMPLIANCE WITH SUCH LAWS.

B. The Participant has a continuing obligation to provide Sandia written notice of any changes in the nature and extent of foreign ownership or control of the Participant.

ARTICLE XI. REPORTS AND ABSTRACTS

A. The Parties agree to produce the following deliverables:

- (1) an initial abstract suitable for public release at the time the CRADA is approved by DOE;
- (2) other abstracts (final when work is complete, and others as substantial changes in scope and dollars occur);
- (3) a final report, upon completion or termination of this CRADA, to include a list of Subject Inventions;
- (4) other topical/periodic reports, when the nature of research and magnitude of dollars justify; and
- (5) computer software in source and executable object code format as defined within the Statement of Work or elsewhere within the CRADA documentation.

B. The Parties acknowledge that Sandia has the responsibility to provide the above information at the time of its completion to the DOE Office of Scientific and Technical Information.

C. The Participant agrees to provide the above information to Sandia to enable full compliance with paragraph B of this article.

D. The Parties acknowledge that Sandia and DOE have a need to document the long-term economic benefit of the cooperative research under this CRADA. Therefore, the Participant shall respond to Sandia's reasonable requests, during

the term of this CRADA and for a period of five (5) years thereafter for pertinent information.

ARTICLE XII. PRE-PUBLICATION REVIEW

A. The Parties agree to secure pre-publication approval from each other which shall not be unreasonably withheld or denied beyond thirty (30) days.

B. The Parties agree that neither will use the name of the other Party or its employees in any promotional activity, such as advertisements, with reference to any product or service resulting from this CRADA, without prior written approval of the other Party.

ARTICLE XIII. COPYRIGHTS

A. The Parties may assert copyright in any of their Generated Information. Assertion of copyright generally means to enforce or give an indication of an intent or right to enforce such as by marking or securing Federal registration.

B. Each Party shall have the first option to assert copyright in works authored by its employees. Copyrights in co-authored works by employees of the Parties shall be held jointly. A Party electing not to assert copyright in a work authored by its employees agrees to assign such copyright to the other Party upon the request of, and at the expense of, the other Party.

C. For Generated Information, the Parties acknowledge that the Government has for itself and others acting on its behalf, a royalty-free, nontransferable, nonexclusive, irrevocable worldwide copyright license to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of the Government, all copyrightable works produced in the performance of this CRADA, subject to the restrictions this CRADA places on publication of Proprietary Information and Protected CRADA Information.

D. For all copyrighted computer software produced in the performance of this CRADA, the Party owning the copyright will provide the source code, an expanded abstract as described in Appendix B, the executable object code and the minimum support documentation needed by a competent user to understand and use the software to DOE's Energy Science and Technology Software Center, P.O. Box 1020, Oak Ridge, TN 37831. The expanded abstract will be treated in the same manner as Generated Information in paragraph C of this article.

E. Sandia and the Participant agree that, with respect to any copyrighted computer software produced in the performance of this CRADA, DOE has the right, at the end of the period set forth in paragraph B of Article VIII hereof and at the end of each two-year interval thereafter, to request Sandia and the Participant and any assignee or exclusive licensee of the copyrighted software to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant upon terms that are reasonable under the circumstances, provided such grant does not cause a termination of any licensee's right to use the copyrighted computer software. If Sandia or the Participant or any assignee or exclusive licensee refuses such request, Sandia and the Participant agree that DOE has the right to grant the license if DOE determines that Sandia, the Participant, assignee, or licensee has not made a satisfactory demonstration that it is actively pursuing commercialization of the copyrighted computer software.

Before requiring licensing under this paragraph E, DOE shall furnish Sandia/Participant written notice of its intentions to require Sandia/Participant to grant the stated license, and Sandia/Participant shall be allowed thirty (30) days (or such longer period as may be authorized by the cognizant DOE Contracting Officer for good cause shown in writing by Sandia/Participant) after such notice to show cause why the license should not be required to be granted.

Sandia/Participant shall have the right to appeal the decision by DOE to the grant of the stated license to the Invention Licensing Appeal Board as set forth in paragraphs (b)-(g) of 10 CFR 781.65, "Appeals."

F. The Parties agree to place copyright and other notices, as appropriate for the protection of copyright, in human-readable form onto all physical media, and in digitally encoded form in the header of machine-readable information recorded on such media such that the notice will appear in human-readable form when the digital data are off loaded or the data are accessed for display or printout.

ARTICLE XIV. REPORTING SUBJECT INVENTIONS

A. The Parties agree to disclose to each other each Subject Invention which may be patentable or otherwise protectable under the Patent Act. The Parties agree that Sandia and the Participant will disclose their respective Subject Inventions to DOE and each other within two (2) months after the inventor first discloses the Subject Invention in writing to the person(s) responsible for patent matters of the disclosing Party.

B. These disclosures should be in sufficiently complete technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, and operation of the Subject Invention. The disclosure shall also identify any known actual or potential statutory bars, i.e., printed publications describing the Subject Invention or the public use or "on sale" of the Subject Invention in this country. The Parties further agree to disclose to each other any subsequently known actual or potential statutory bar that occurs for a Subject Invention disclosed but for which a patent application has not been filed. All Subject Invention disclosures shall be marked as confidential under 35 U.S.C. 205.

ARTICLE XV. TITLE TO SUBJECT INVENTIONS

Whereas DOE has granted the Participant and Sandia the right to elect to retain title to their respective Subject Inventions, and whereas the Participant has the option to obtain, up to and including, an exclusive license to Sandia Subject Inventions in a pre-negotiated, defined field of use for reasonable compensation:

A. Each Party shall have the first option to elect to retain title to any Subject Invention made by its employees. Title to jointly made Subject Inventions shall be jointly owned. If a Party elects not to retain title to any Subject Invention of its employees, then the other Party shall have the second option to elect to retain title to such Subject Invention under this CRADA. DOE shall retain title to any Subject Invention that is not retained by any Party.

B. The Parties acknowledge that DOE may obtain title to each Subject Invention reported under Article XIV for which a patent application or applications are

not filed pursuant to Article XVI and for which any issued patents are not maintained by any Party to this CRADA.

C. The Parties acknowledge that the Government retains a nonexclusive, nontransferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States every Subject Invention under this CRADA throughout the world.

D. During the term of this CRADA and for a period of six (6) months after the termination or completion of the CRADA, the Participant shall have the opportunity, pursuant to 15 U.S.C. 3710a, to initiate the process to obtain a license to Sandia Subject Inventions. In particular, the Participant shall have the option to obtain, up to and including, an exclusive license to Sandia Subject Inventions within a defined field of use on agreed-upon reasonable terms and conditions, including the payment of negotiated license fees and royalties.

ARTICLE XV.1. AT&T INTELLECTUAL PROPERTY RIGHTS

Patents - In accordance with the provisions of prime contract DE-AC04-76DP00789, AT&T shall have nonexclusive, irrevocable, royalty-free licenses under patents or inventions made or conceived solely or jointly prior to October 1, 1993 by Sandia employees under that prime contract. Said licenses shall be limited to make and have made, use, lease, and sell products and services.

ARTICLE XVI. FILING PATENT APPLICATIONS

A. The Parties agree that the Party initially indicated as having an ownership interest in any Subject Inventions ("Inventing Party") shall have the first opportunity to file U.S. and foreign patent applications. If the Participant does not file such applications within one (1) year after election, or if Sandia does not file such applications within the filing time specified in its prime contract, the other Party to this CRADA exercising an option to elect to retain title pursuant to Article XV may file patent applications on such Subject Inventions. If a patent application is filed by the other Party ("Filing Party"), the Inventing Party shall reasonably cooperate and assist the Filing Party, at the Filing Party's expense, in executing a written assignment of the Subject Invention to the Filing Party and in otherwise perfecting the patent application, and the Filing Party shall have the right to control the prosecution of the patent application. The Parties shall agree between themselves as to who will file patent applications on any joint Subject Invention. For every patent application that is filed pursuant to this article, the Party filing the patent application will execute an instrument, in a form satisfactory to DOE, confirming the existence of the Government retained license mentioned in Article XV, paragraph C. Appendix D provides a form for this purpose that is satisfactory to DOE.

B. The Parties agree that DOE has the right to file patent applications in any country if neither Party desires to file a patent application for any Subject Invention. Notification of such negative intent shall be made in writing to the DOE Contracting Officer within three (3) months of the decision of the non-Inventing Party to not file a patent application for the Subject Invention pursuant to Article XV or not later than sixty (60) days prior to the time when any statutory bar might foreclose filing of a U.S. patent application.

C. The Parties agree to include within the beginning of the specification of any U.S. patent applications and any patent issuing thereon (including foreign

patents) covering a Subject Invention a statement, in accordance with applicable law, acknowledging that the Government retains certain rights in the Subject Invention. A suitable statement is: "This invention was made under a CRADA (SCXX/0XXXX) between [name of Participant] and Sandia National Laboratories, operated for the United States Department of Energy. The Government has certain rights in this invention."

ARTICLE XVII. TRADEMARKS

[If no Trademarks are contemplated to be created under this CRADA, then this article may be reserved.]

A. The Parties may seek to obtain Trademark/Service Mark protection on products or services generated under this CRADA in the United States or foreign countries.

B. The Party originating the Trademark or Service Mark on products or services generated under this CRADA in the United States or foreign countries shall have the full right, title, and interest in such Trademark or Service Mark, subject only to the Government's retained right to use the mark on any similar goods or services as set forth in paragraph C of this article.

C. The Parties hereby acknowledge that the Government shall have the right to indicate on any similar goods or services produced by or for the Government that such goods or services were derived from and are a DOE version of the goods or services protected by such Trademark or Service Mark, with the Trademark and the owner thereof being specifically identified. In addition, the Government shall have the right to use such Trademark or Service Mark in print or communications media.

ARTICLE XVIII. MASK WORKS

[If no Mask Works are contemplated to be created under this CRADA, then this article may be reserved.]

A. The Parties may seek to obtain legal protection for Mask Works fixed in semiconductor products generated under this agreement as provided by Chapter 9 of Title 17 of the United States Code.

B. The allocation of rights to Mask Works will be commensurate with the distribution of copyrights under Article XIII, paragraph B of this CRADA.

C. The Parties hereby acknowledge that the Government or others acting on its behalf shall retain a nonexclusive, paid-up, worldwide, irrevocable, nontransferable license to reproduce, import, or distribute the covered semiconductor product by or on behalf of the Government, and to reproduce and use the Mask Work by or on behalf of the Government.

ARTICLE XIX. COST OF INTELLECTUAL PROPERTY PROTECTION

The Parties shall be responsible for payment of all costs relating to copyright, Trademark, and Mask Work filing; U.S. and foreign patent application filing and prosecution; and all costs relating to maintenance fees for U.S. and foreign patents hereunder. For such costs associated with Intellectual Property that is solely owned by a Party, that Party shall be responsible for payment of all such costs. For such costs associated with Intellectual Property that is jointly owned, the Parties shall agree as to the distribution of costs. Government/DOE

laboratory funds contributed as DOE's cost share to a CRADA cannot be given to the Participant for payment of the Participant's costs of filing and maintaining patents or filing for copyrights, Trademarks, or Mask Works.

ARTICLE XX. REPORTS OF INTELLECTUAL PROPERTY USE

The Participant agrees to submit, for a period of three (3) years from the date of termination or completion of this CRADA and upon request of DOE, a nonproprietary report no more frequently than annually on efforts to utilize any Intellectual Property arising under the CRADA.

ARTICLE XXI. DOE MARCH-IN RIGHTS

The Parties acknowledge that DOE has certain march-in rights to any Subject Inventions in accordance with 48 CFR 27.304-1(g) and 15 U.S.C. 3710a(b)(1)(B) and (C).

ARTICLE XXII. U.S. COMPETITIVENESS

The Parties agree that a purpose of this CRADA is to provide substantial benefit to the U.S. economy.

A. In exchange for the benefits received under this CRADA, the Participant therefore agrees to the following:

- (1) Products embodying Intellectual Property developed under this CRADA shall be substantially manufactured in the United States, and
- (2) Processes, services, and improvements thereof which are covered by Intellectual Property developed under this CRADA shall be incorporated into the Participant's manufacturing facilities in the United States either prior to or simultaneously with implementation outside the United States. Such processes, services, and improvements, when implemented outside the United States, shall not result in reduction of the use of the same processes, services, or improvements in the United States.

B. Sandia agrees to a U.S. Industrial Competitiveness clause in accordance with its prime contract with respect to any licensing and assignments of its intellectual property arising from this CRADA, except that any licensing or assignment of its intellectual property rights to the Participant shall be in accordance with the terms of paragraph A of this article.

ARTICLE XXIII. ASSIGNMENT OF PERSONNEL

A. Each Party may assign personnel to the other Party's facility as part of this CRADA to participate in or observe the research to be performed under this CRADA. Such personnel assigned by the assigning Party shall not, during the period of such assignments, be considered employees of the receiving Party for any purpose.

B. The receiving Party shall have the right to exercise routine administrative and technical supervisory control of the occupational activities of such personnel during the assignment period and shall have the right to approve the

assignment of such personnel and/or to later request their removal by the assigning Party.

C. The assigning Party shall bear any and all costs and expenses with regard to its personnel assigned to the receiving Party's facilities under this CRADA. The receiving Party shall bear facility costs of such assignments.

ARTICLE XXIV. FORCE MAJEURE

No failure or omission by Sandia or the Participant in the performance of any obligation under this CRADA shall be deemed a breach of this CRADA or create any liability if the same shall arise from any cause or causes beyond the control of Sandia or the Participant, including but not limited to the following, which, for the purpose of this CRADA, shall be regarded as beyond the control of the Party in question: Acts of God, acts or omissions of any government or agency thereof, compliance with requirements, rules, regulations, or orders of any governmental authority or any office, department, agency, or instrumentality thereof, fire, storm, flood, earthquake, accident, acts of the public enemy, war, rebellion, insurrection, riot, sabotage, invasion, quarantine, restriction, transportation embargoes, or failures or delays in transportation.

ARTICLE XXV. ADMINISTRATION OF THE CRADA

Sandia enters into this CRADA under the authority of its prime contract with DOE. Sandia is authorized to and will administer this CRADA in all respects unless otherwise specifically provided for herein. Administration of this CRADA may be transferred from Sandia to DOE or its designee as a successor to Sandia who is assuming responsibilities for the facilities managed by Sandia with notice of such transfer to the Participant, and Sandia shall have no further responsibilities except for the confidentiality, use, and/or nondisclosure obligations of this CRADA. This CRADA shall be binding upon and inure to the benefit of the Parties, and their respective successors and assigns.

ARTICLE XXVI. RECORDS AND ACCOUNTING FOR GOVERNMENT PROPERTY

The Participant shall maintain records of receipts, expenditures, and the disposition of all Government property in its custody related to the CRADA.

ARTICLE XXVII. NOTICES

A. Any communications required by this CRADA, if given by postage prepaid first class U.S. Mail or other verifiable means addressed to the Party to receive the communication, shall be deemed made as of the day of receipt of such communication by the addressee, or on the date given if by verified facsimile. Address changes shall be given in accordance with this article and shall be effective thereafter. All such communications, to be considered effective, shall include the number of this CRADA.

B. The addresses, telephone numbers, and facsimile numbers for the Parties and DOE are as follows:

1. For Sandia:

a. FORMAL NOTICES AND COMMUNICATIONS

CRADA Administrator
Telephone: (505) 843-4232
Facsimile: (505) 843-4175
Email: cradaadm@sandia.gov

For FedEx., UPS, etc.:
Sandia National Laboratories
1155 University Blvd. SE
Albuquerque, NM 87106

For U.S. Mail Only:
Sandia National Laboratories
MS 1380
P.O. Box 5800
Albuquerque, NM 87185-1380

[---AND (For Sandia/CA CRADAs only, insert the following, and change
next b. to c.)---]

b. COPIES OF FORMAL NOTICES AND COMMUNICATIONS AND REPORTS

[AS Name]
Telephone: [AS area code & phone]
Facsimile: (925) 294-1339
Email: [AS email]

FedEx., UPS, etc.:
Sandia National Laboratories
Bldg. 928
7011 East Avenue
Livermore, CA 94550

U.S. Mail Only:
Sandia National Laboratories
MS 9017
P.O. Box 969
Livermore, CA 94551-0969

b. TECHNICAL CONTACT, REPORTS, AND COPIES OF FORMAL NOTICES AND COMMUNICATIONS

[PI Name]
Telephone: [PI area code & phone]
Facsimile: [PI area code & FAX]
Email: [PI email]

For FedEx., UPS, etc.:
Sandia National Laboratories
MS [PI mail stop]
Building 957
1515 Eubank Blvd. SE
Albuquerque, NM 87123

For U.S. Mail Only:
Sandia National Laboratories
MS [PI mail stop]
P.O. Box 5800
Albuquerque, NM 87185-[PI mail stop]

[---OR For California---]

For FedEx., UPS, etc.:
Sandia National Laboratories
Bldg. 928
7011 East Avenue
Livermore, CA 94550

For U.S. Mail Only:
Sandia National Laboratories
P.O. Box 969
MS [PI mail stop]
Livermore, CA 94551-0969

2. For [Participant]

TECHNICAL CONTACT, REPORTS, AND FORMAL NOTICES AND COMMUNICATIONS

[Participant PI Name]
Telephone: [Participant PI area code & phone]
Facsimile: [Participant PI area code & FAX]
Email: [Participant PI email]

For FedEx., UPS, etc.:
[Participant]
[Address]
[City, State, Zip]

For U.S. Mail Only:
[Participant]
[Address]
[City, State, Zip]

3. For DOE

SUBJECT INVENTION DISCLOSURES

Office of Patent Counsel
U.S. Dept of Energy
Albuquerque Operations Office
P.O. Box 5400
Albuquerque, New Mexico 87185-5400

ARTICLE XXVIII. DISPUTES

At the request of either Party, after reasonable attempt to settle without arbitration, any controversy or claim arising out of or relating to the CRADA shall be settled by arbitration conducted in the State of New Mexico in accordance with the then current and applicable rules of the American Arbitration Association. Judgment upon the award rendered by the Arbitrator(s) shall be non-binding on the Parties.

ARTICLE XXVIII.1. BUSINESS RELATIONS WITH OTHERS

Because Sandia is obliged to transfer technology widely to U.S. industry, Participant accepts that other commercial entities, including competitors of Participant, may have business relationships with Sandia before, during, or after this CRADA. Such business relationships may involve work similar to the work under this CRADA, subject to obligations concerning use and nondisclosure of Proprietary Information and Protected CRADA Information.

ARTICLE XXIX. ENTIRE CRADA AND MODIFICATIONS

A. This CRADA with its appendices contains the entire agreement between the Parties with respect to the subject matter hereof, and all prior representations or agreements relating hereto have been merged into this document and are thus superseded in totality by this CRADA. This CRADA shall not be effective until approved by DOE.

B. Any agreement to materially change any terms or conditions of this CRADA or the appendices shall be valid only if the change is made in writing, executed by the Parties hereto, and approved by DOE.

ARTICLE XXX. TERMINATION

This CRADA may be terminated by either Party upon thirty (30) days written notice to the other Party. This CRADA may also be terminated by Sandia in the event of failure by the Participant to provide the necessary advance funding, as agreed in Article III.

In the event of termination by either Party, each Party shall be responsible for its share of the costs incurred through the effective date of termination, as well as its share of the costs incurred after the effective date of termination, and which are related to the termination. The confidentiality, use, and/or nondisclosure obligations of this CRADA shall survive any termination of this CRADA.

For Sandia:

BY _____
David L. Goldheim

TITLE Director, Corporate Business Development & Partnerships

DATE _____

For Participant:

BY _____

TITLE _____

DATE _____

Appendix B

Abstract Format Description

(Character limit for any one field: 2,000)
(Character limit for all information: 9,000)
Text only; no diagrams or flowcharts

Due to the differences in size and complexity among software packages and the corresponding differences in their respective documentation requirements, a specific form for the required Abstract document has not been provided. Instead, this Abstract Format Description contains a listing of the data elements required for the Abstract and a brief description of each data element. The person assembling the submittal package is expected to create the Abstract document using a text editor. Please note that each of the listed data elements is REQUIRED, and a response for each data element MUST be included in the completed Abstract document.

1. Identification. Provide the following two fields to be used to uniquely identify the software. The software acronym plus the short or KWIC (keywords in context) title will be combined to be used as the identification of the software.

Software Acronym (limit 20 characters). The name given to the main or major segment of module packaged usually becomes the name of the code package. If an appropriate name is not obvious, invent one which is related to the contents.

Short or KWIC title (limit 80 characters). This title should tell something of the nature of the code system: calculational method, geometry, or any feature that distinguishes this code package from another. It should be telegraphic in style, with no extraneous descriptors, but more than a string of keywords and phrases. The word "code" (alone) and "program" do not belong in a description of a code "package."

2. Author Name(s) and Affiliations. List author(s) or contributor(s) names followed by the organizational affiliation. If more than one affiliation is applicable, please pair authors with their affiliations.

3. Software Completion Date. List approximate date(s) that the version of the executable module(s), which will be created by the submitted program modules, was first used in an application environment.

4. Brief Description. Briefly describe the purpose of the computer program, state the problem being solved, and summarize the program functions and capabilities. This will be the primary field used for announcement purposes.

5. Method of Solution. Provide a short summary of the mathematical methods, engineering principles, numerical algorithms, and procedures incorporated into the software.

6. Computer(s) for Which Software Is Written. List the computer(s), i.e., IBM3033, VAX6220, VAX, IBM PC, on which this submittal package will run.

7. Operating System. Indicate the operating system used, release number, and any deviations or exceptions, i.e., is the operating system "off the shelf" with no modifications, or has the operating system been modified/customized. If modified, note modifications in field 11.

8. Programming Language(s) Used. Indicate the programming language(s) in which the software is written along with the approximate percentage (in parentheses) of each used. For example, FORTRAN IV (95%); Assembler (5%).

9. Software Limitations. Provide a short paragraph on any restrictions implied by storage allocation, such as the maximum number of energy groups and mesh points, as well as those due to approximations used, such as implied argument-range limitations. Also to be used to indicate the maximum number of users, etc. or other limitations.

10. Unique Features of the Software. Highlight the advantages, distinguishing features, or special capabilities which may influence the user to select this package over a number of similar packages.

11. Related and Auxiliary Software. If the software supersedes or is an extension of earlier software, identify the original software here. Identify any programs not considered an integral part of this software but used in conjunction with it (e.g., for preparing input data, plotting results, or coupled through use of external data files). Note similar library software, when known.

12. Other Programming or Operating Information or Restrictions. Indicate file naming conventions used, e.g., (filename).DOC (DOC is a filename extension normally used to indicate a documentation file), additional subroutines, function libraries, installation support software, or any special routines required for operation of this package other than the operating system and programming language requirements listed in other fields. If proprietary software is required, this should also be indicated.

13. Hardware Requirements. List hardware and installation environment requirements necessary for full utilization of the software. Include memory and RAM requirements, in addition to any nonstandard features.

14. Time Requirements. Include any timing requirement estimations, both wall clock and computer clock, necessary for the execution of the package. Give enough detail to enable the potential user to estimate the execution time for a given choice of program parameters (e.g., 5-10 min.).

15. References. List citations of pertinent publications. List (by author, title, report number, bar code or order number if available, and date). References are to be broken down into two groupings:

- a. Reference documents that are provided with the submittal package.
- b. Any additional background reference materials generally available.

16. Categorization and Keywords.

- a. Subject Classification Code - Chosen from the Subject Classification Guide (Appendix E of ESTSC--I), this one-letter code designation is to be supplied by the submitter.
- b. Keywords - Submitters should include keywords as taken from the ESTSC thesaurus listing (Appendix F of ESTSC--I). Keywords chosen that are not on the list will be subject to ESTSC approval before being added to the thesaurus. Subsequent revision lists will be available. ESTSC may also add additional keywords to aid in the indexing of the material.

- c. EDB Subject Categories - Energy-related categories (6-digit) to be assigned by ESTSC per the Energy Science and Technology Database (EDB) schema for a further breakdown of subject area.

17. Sponsor. This field, input by ESTSC from information provided on the Primary Submittal Form, represents the program office or division responsible for funding the software.

18. Material Available. This field, input by ESTSC, is taken from information provided on the submittal forms. It will be composed of:

- a. Contents of the package available for distribution.
- b. Computer media quantity.

19. Status. This field, input by ESTSC for submittals other than from SIACs, consists of a dialog of information concerning: when the package was announced; subsequent versions and dates; what level of testing has been performed at NESC, SIACs, or ESTSC; etc.

Note: The box above indicates data elements that will be determined by ESTSC, consisting of data extracted from other information provided within the submittal package.

Appendix C
Background Intellectual Property
CRADA No. [SCXX/0XXXX]
[Date]
[Title]

Appendix C provides each Party the opportunity, as a matter of goodwill but not legal obligation, to declare its interests in Intellectual Property that has been, or will be, created in the "background", i.e., outside this CRADA. The purpose is to forestall disputes over what is and what is not Generated Information.

Licensing of Background Intellectual Property, if agreed to by the Parties, shall be the subject of separate licensing agreements between the Parties.

Sandia elects to declare an interest in the following Background Intellectual Property: *[State NONE, if appropriate.]*

Participant elects to declare an interest in the following Background Intellectual Property: *[State NONE, if appropriate.]*

Intellectual Property may exist that is not identified. Neither Party shall be liable to the other Party because of failure to list Background Intellectual Property.

Appendix D
Confirmatory License Form

Application for:

Inventor(s):

Serial Number:

Filing Date:

CRADA Number:

Filing Party:

The invention identified above is a "Subject Invention" under the above-numbered CRADA.

The Filing Party hereby confirms that under the provisions of the CRADA governing patent rights, it has granted to the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the Subject Invention throughout the world. This license applies to the invention in the above-identified patent application and any and all divisions or continuations thereof and any resulting patent or reissue patent which may be granted thereon.

It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of the CRADA or any other agreement between the Government and the Filing Party, or any other rights of the Government with respect to the above-identified invention.

The Filing Party hereby grants the Government an irrevocable power to inspect and make copies of the above-identified application.

Signed this ____ day of _____, 20____.

(Name)

(Title)

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STEVENSON-WYDLER (15 USC 3710)
COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT MASTER TERMS AND CONDITIONS
(hereinafter "CRADA Terms") NO. SC01/01628

BETWEEN SANDIA CORPORATION
(hereinafter "Laboratories")

AND

United States Industry Coalition Member Company(s)

a corporation of the State of
having a principal office in
(hereinafter "Participant")

both being hereinafter jointly referred to as the "Parties."

Initiatives for Proliferation Prevention Program
Project No.

The U.S. Department of Energy (DOE) is the agency responsible for the federally-owned facility known as Sandia National Laboratories managed and operated under a prime contract with DOE, designated Contract No. DE-AC04-94AL85000. This instrument constitutes the Master Terms and Conditions for use in a series of Cooperative Research and Development Agreements (CRADA) initiated by individual Project Letter Agreements (PLA) under the Initiatives for Proliferation Prevention (IPP) Program of the DOE, the United States Industry Coalition, Inc. (USIC), and cooperating New Independent States (NIS) of the Former Soviet Union (FSU). When these "CRADA Terms" are combined with an approved PLA, the instrument constitutes a CRADA under the authority of the Stevenson-Wydler Technology Innovation Act of 1980, as amended (15 USC 3710 et seq.).

ARTICLE I. DEFINITIONS

A. "Government" means the United States of America and agencies thereof.

B. "DOE" means the Department of Energy, an agency of the Government.

C. "Contracting Officer" means the DOE employee administering the Laboratory's DOE Contract.

D. "Generated Information" means information produced in the performance of this CRADA.

E. "Proprietary Information" means information which is developed at private expense outside of this CRADA, is marked as Proprietary Information, and embodies (i) trade secrets or (ii) commercial or financial information which is privileged or confidential under the Freedom of Information Act (5 USC 552 (b)(4)).

F. "Protected CRADA Information" means Generated Information which is marked as being Protected CRADA Information by a Party to this CRADA and which would have been Proprietary Information had it been obtained from a non-federal entity.

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G. "Subject Invention" means any invention of the Laboratory or Participant conceived or first actually reduced to practice in the performance of work under this CRADA.

H. "Intellectual Property" means Patents, Trademarks, Copyrights, Mask Works, and other forms of comparable property rights protected by Federal law and other foreign counterparts.

I. "Trademark" means a distinctive mark, symbol, or emblem used in commerce by a producer or manufacturer to identify and distinguish its goods or services from those of others.

J. "Mask Work" means a series of related images, however fixed or encoded, having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product. (17 USC 901(a)(2))

K. "Participating NIS Institute" means the scientific institute of the New Independent State of the Former Soviet Union that is performing work in support of this CRADA under subcontract with the Laboratory.

L. "Participating NIS Institute Invention" means any invention of the Participating NIS Institute conceived or first actually reduced to practice in the performance of work under its subcontract with the Laboratory in support of this CRADA.

ARTICLE II. PROJECT LETTER AGREEMENT

The Project Letter Agreement (PLA), Appendix A, is hereby incorporated into this CRADA by reference.

ARTICLE III. TERM, FUNDING, AND COSTS

A. The effective date of this CRADA shall be the latter date of (1) the date on which the CRADA incorporating the Terms and Conditions of this instrument is signed by the last of the Parties hereto or (2) the date on which it is approved by DOE. The work to be performed under this CRADA shall be completed within the time specified in the PLA.

B. The cost contribution of the Participant unless otherwise approved by the DOE will be at least fifty percent (50%) of the total cost of the project.

The estimated contribution by the Participant and the Government for each cooperative research project shall be as set forth in the specific PLA entered into under this CRADA, subject to available funding.

C. Neither Party shall have an obligation to continue or complete performance of its work at a cost in excess of its estimated cost as contained in paragraph B of this Article, including any subsequent amendment.

D. Each Party agrees to provide at least thirty (30) days notice to the other Party if the actual cost to complete performance will exceed the estimated cost.

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ARTICLE III.1 SPECIAL PAYMENT TERMS AND CONDITIONS

An advance payment is required on the funds-in contribution made by the Participant under any PLA entered into hereunder. The terms and conditions of the advance payment will be set forth in the PLA.

ARTICLE IV. PERSONAL PROPERTY

All tangible personal property produced or acquired under this CRADA shall become the property of the Participant or the Government depending upon whose funds were used to obtain it. Such property will be identified in the PLA. Personal property shall be disposed of as directed by the owner at the owner's expense. All jointly funded property shall be owned by the Government.

ARTICLE IV.1 SPECIAL PROPERTY TERMS AND CONDITIONS - RESERVED

ARTICLE V. DISCLAIMER

THE GOVERNMENT, THE PARTICIPANT, THE PARTICIPATING NIS INSTITUTE, AND THE LABORATORY MAKE NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS CRADA, OR THE OWNERSHIP, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT. NEITHER THE GOVERNMENT, THE PARTICIPANT, THE PARTICIPATING INSTITUTE, NOR THE LABORATORY SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES ATTRIBUTED TO SUCH RESEARCH OR RESULTING PRODUCT, INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS CRADA.

ARTICLE VI. PRODUCT LIABILITY

Except for any liability resulting from any negligent acts or omissions of the Laboratory, Participant indemnifies the Government, the Participating NIS Institute, and the Laboratory for all damages, costs, and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of the Participant, its assignees or licensees, which was derived from the work performed under this CRADA. In respect to this Article, neither the Government nor the Laboratory shall be considered assignees or licensees of the Participant, as a result of reserved Government and the Laboratory rights. The indemnity set forth in this paragraph shall apply only if Participant shall have been informed as soon and as completely as practical by the Laboratory and/or the Government of the action alleging such claim and shall have been given an opportunity, to the extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and the Laboratory and/or the Government shall have provided reasonably available information and reasonable assistance requested by Participant. No settlement for which Participant would be responsible shall be made without Participant's consent unless required by final decree of a court of competent jurisdiction.

ARTICLE VII. OBLIGATIONS AS TO PROPRIETARY INFORMATION

A. If Proprietary Information is orally disclosed to a Party, it shall be identified as such, orally, at the time of disclosure and confirmed in a

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written summary thereof, appropriately marked by the disclosing party, within ten (10) days as being Proprietary Information.

B. Each Party agrees to not disclose Proprietary Information provided by a Participating NIS Institute or another Party to anyone other than the CRADA Participant, the Participating NIS Institute, and the Laboratory without written approval of the providing Party, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 USC 1905).

C. All Proprietary Information shall be returned to the provider thereof at the conclusion of this CRADA at the provider's expense.

D. All Proprietary Information shall be protected, unless and until such Proprietary Information shall become publicly known without the fault of the recipient, shall come into recipient's possession without breach of any of the obligations set forth herein by the recipient, or shall be independently developed by recipient's employees who did not have access to such Proprietary Information.

ARTICLE VIII. OBLIGATIONS AS TO PROTECTED CRADA INFORMATION

A. Each Party may designate as Protected CRADA Information, as defined in Article I, any Generated Information produced by its employees, and with the agreement of the other Party, designate any Generated Information produced by the other Party's employees. All such designated Protected CRADA Information shall be appropriately marked.

B. For a period of five (5) years from the date Protected CRADA Information is produced, the Parties agree not to further disclose such information except:

- (1) as necessary to perform this CRADA, including disclosure to the Participating NIS Institute;
- (2) as provided in Article XI;
- (3) as requested by the DOE Contracting Officer to be provided to other DOE facilities for use only at those DOE facilities with the same protection in place;
- (4) as requested by Participant for disclosure to other USIC members with the same protection in place; or
- (5) as mutually agreed by the Parties in advance.

C. The obligations of (B) above shall end sooner for any Protected CRADA Information which shall become publicly known without fault of either Party, shall come into a Party's possession without breach by that Party of the obligations of (B) above, or shall be independently developed by a Party's employees who did not have access to the Protected CRADA Information.

ARTICLE IX. RIGHTS IN GENERATED INFORMATION

The Government shall have unlimited rights in all Generated Information produced or provided by the Parties under this CRADA, except for information which is disclosed in a Subject Invention disclosure being considered for

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patent protection, protected as a Mask Work right, or marked as being
copyrighted, Protected CRADA Information, or Proprietary Information.

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ARTICLE X. EXPORT CONTROL

THE PARTIES UNDERSTAND THAT MATERIALS AND INFORMATION RESULTING FROM THE PERFORMANCE OF THIS CRADA MAY BE SUBJECT TO EXPORT CONTROL LAWS AND THAT EACH PARTY IS RESPONSIBLE FOR ITS OWN COMPLIANCE WITH SUCH LAWS.

ARTICLE XI. REPORTS AND ABSTRACTS

A. The Parties agree to produce the following deliverables:

- (1) an initial abstract suitable for public release at the time the CRADA is approved by DOE;
- (2) other abstracts (final when work is complete, and others as substantial changes in scope and funding occur);
- (3) a final report, upon completion or termination of this CRADA, to include a list of Subject Inventions;
- (4) a semi-annual, signed financial report of the Participant's in-kind contributions to the project;
- (5) other topical/periodic reports where the nature of research and magnitude of funding justify; and
- (6) computer software in source and executable object code format as defined within the Statement of Work or elsewhere within the CRADA documentation.

B. It is understood that the Laboratory has the responsibility to provide the above information at the time of its completion to the DOE Office of Scientific and Technical Information.

C. Participant agrees to provide the above information to the Laboratory to enable full compliance with paragraph B of this Article.

D. It is understood that the Laboratory and DOE have a need to document the long-term economic benefit of the cooperative research being done under this CRADA. Therefore, the Participant acknowledges a responsibility to respond to reasonable requests, during the term of this CRADA and for two years thereafter, from the Laboratory for pertinent information.

ARTICLE XII. PRE-PUBLICATION REVIEW

A. The Parties agree to secure pre-publication approval from each other which shall not be unreasonably withheld or denied beyond thirty (30) days.

B. The Parties agree that neither will use the name of the other Party or its employees in any promotional activity, such as advertisements, with reference to any product or service resulting from this CRADA, without prior written approval of the other Party.

ARTICLE XIII. COPYRIGHTS

A. The Parties may assert copyright in any of their Generated Information. Assertion of copyright generally means to enforce the copyright or give any

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indication of an intent or right to enforce, such as by marking or securing Federal registration.

B. Each Party shall have the first option to retain ownership of copyrights in works created by its employees or contractors. Copyrights in jointly developed works shall be jointly owned.

C. For Generated Information, the Parties acknowledge that the Government has for itself and others acting on its behalf, a royalty-free, non-transferable, nonexclusive, irrevocable worldwide copyright license to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of the Government, all copyrightable works produced in the performance of this CRADA, subject to the restrictions this CRADA places on publication of Proprietary Information and Protected CRADA Information.

D. For all copyrighted computer software produced in the performance of this CRADA, the Party owning the copyright will provide the source code, an expanded abstract as described in Appendix B (Abstract Format Description), the executable object code and the minimum support documentation needed by a competent user to understand and use the software to DOE's Energy Science and Technology Software Center, P.O. Box 1020, Oak Ridge, TN 37831. The expanded abstract will be treated in the same manner as Generated Information in paragraph C of this Article.

E. The Laboratory and the Participant agree that, with respect to any copyrighted computer software produced in the performance of this CRADA, DOE has the right, at the end of the period set forth in paragraph B of Article VIII hereof and at the end of each two-year interval thereafter, to request the Laboratory and the Participant and any assignee or exclusive licensee of the copyrighted software to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant upon terms that are reasonable under the circumstances, provided such grant does not cause a termination of any licensee's right to use the copyrighted computer software. If the Laboratory or the Participant or any assignee or exclusive licensee refuses such request, the Laboratory and the Participant agree that DOE has the right to grant the license if DOE determines that the Laboratory, the Participant, assignee, or licensee has not made a satisfactory demonstration that it is actively pursuing commercialization of the copyrighted computer software.

Before requiring licensing under this paragraph E, DOE shall furnish the Laboratory/Participant written notice of its intentions to require the Laboratory/Participant to grant the stated license, and the Laboratory/Participant shall be allowed thirty (30) days (or such longer period as may be authorized by the cognizant DOE Contracting Officer for good cause shown in writing by the Laboratory/Participant) after such notice to show cause why the license should not be required to be granted.

The Laboratory/Participant shall have the right to appeal the decision by DOE to the grant of the stated license to the Invention Licensing Appeal Board as set forth in paragraphs (b)-(g) of 10 CFR 781.65, "Appeals."

F. The Parties agree to place copyright and other notices, as appropriate for the protection of copyright, in human readable form onto all physical media, and in digitally encoded form in the header of machine readable information recorded on such media such that the notice will appear in human readable form when the digital data are off-loaded or the data are accessed for display or printout.

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ARTICLE XIV. REPORTING SUBJECT INVENTIONS

A. The Parties agree to promptly disclose to each other every Subject Invention which may be patentable or otherwise protectable under the Patent Act. The Laboratory agrees to promptly disclose to Participant every Participating NIS Institute Invention which is reported to the Laboratory. The Parties acknowledge that the Laboratory and Participant will disclose their respective Subject Inventions to DOE within two (2) months after the inventor first discloses the Subject Invention in writing to the person(s) responsible for patent matters of the disclosing Party.

B. These disclosures should be in sufficiently complete technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose and operation of the Subject Invention. The disclosure shall also identify any known actual or potential statutory bars, i.e., printed publications describing the Subject Invention or the public use or on sale of the Subject Invention in this country. The Parties further agree to disclose to each other any subsequent statutory bar that occurs for a Subject Invention disclosed but for which a patent application has not been filed. All Subject Invention disclosures shall be marked as confidential under 35 USC 205.

ARTICLE XV. TITLE TO INVENTIONS

Whereas the Participant and Laboratory have been granted the right to elect to retain title to Subject Inventions,

A. Each Party shall have the first option to elect to retain title to any Subject Invention made by its employees, and such election shall be made within one year of disclosure of the Subject Invention by each Party. If a Party elects not to retain title to any Subject Invention of its employees, then the other Party shall have the second option to elect to retain title to the Subject Invention.

B. For Subject Inventions made by the Laboratory and Participating NIS Institute Inventions, the Laboratory will provide Participant with a non-exclusive, non-transferable, royalty-free, field of use license required by the Participant for its own use. Participant has a first option to negotiate for greater rights, such as exclusive, transferable, domestic and foreign rights. If Participant obtains the right to sublicense, the sublicenses must be royalty-bearing, and the Participant will pay a reasonable royalty to the Laboratory. The Laboratory will share equitably all net royalties received for Subject Inventions and Participating NIS Institute Inventions with the Participating NIS Institute.

C. For Subject Inventions made in whole or in part by Laboratory employees, the Participant also has the option to negotiate an exclusive license in a field of use on commercially reasonable terms.

D. The Parties acknowledge that DOE may obtain title to each Subject Invention reported under Article XIV for which a patent application or applications are not filed pursuant to Article XVI and for which any issued patents are not maintained by any Party to this CRADA.

E. The Parties acknowledge that the Government retains a nonexclusive, nontransferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States every Subject Invention under this CRADA throughout the world.

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ARTICLE XVI. FILING PATENT APPLICATIONS

A. The Parties agree that the Party initially indicated as having an ownership interest in any Subject Inventions shall have the first opportunity to file U.S. and foreign patent applications; but if such Party does not file such applications within six (6) months after election, then the other Party to this CRADA may file patent applications on such inventions and the Party initially having ownership shall fully cooperate in this effort. The Parties will agree as to who will file patent applications on any joint Subject Inventions.

B. The Parties agree that DOE has the right to file patent applications in any country if neither Party desires to file a patent application for any Subject Invention. Notification of such negative intent shall be made in writing to the DOE Contracting Officer within three (3) months of the decision not to file a patent application for the Subject Invention pursuant to Article XV, or not later than sixty (60) days prior to the time when any statutory bar might foreclose filing of a U.S. patent application.

ARTICLE XVII. TRADEMARKS

The Parties may seek to obtain Trademark/Service Mark protection on products or services generated under this agreement or any resulting PLA, in the United States or foreign countries. The ownership and other rights relating to this Trademark shall be as mutually agreed to in writing by the Parties. The Parties hereby acknowledge that the Government shall have the right to indicate on any similar goods or services it produces, that such goods or services were derived from and are a DOE version of the goods or services protected by such Trademark/Service Mark with the Trademark of the owner thereof being specifically identified. In addition, the Government shall have the right to use such Trademark/Service Mark in print or communication media.

ARTICLE XVIII. MASK WORKS

The Parties may seek to obtain legal protection for Mask Works fixed in semiconductor products generated under this agreement as provided by Chapter 9 of Title 17 of the United States Code. The rights to any Mask Work covered by this provision shall be as mutually agreed to in writing by the Parties. The Parties acknowledge that the Government or others acting on its behalf shall retain a nonexclusive, paid-up, worldwide, irrevocable, nontransferable license to reproduce, import, or distribute the covered semiconductor product by or on behalf of the Government, and to reproduce and use the Mask Work by or on behalf of the Government.

ARTICLE XIX. COST OF INTELLECTUAL PROPERTY PROTECTION

Each Party shall be responsible for payment of all costs relating to copyright, Trademark, and Mask Work filing, U.S. and foreign patent application filing and prosecution, and all costs relating to maintenance fees for U.S. and foreign patents hereunder which are owned by the Party.

ARTICLE XX. REPORTS OF INVENTION USE

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The Parties agree to submit, upon request of DOE, a non-proprietary report no more frequently than annually on efforts to utilize any Intellectual Property arising under this CRADA.

ARTICLE XXI. DOE MARCH-IN RIGHTS

For Subject Inventions made solely by the Participant and for assignments and exclusive licenses by the Laboratory to the Participant in Subject Inventions made in whole or in part by the Laboratory, DOE has march-in rights in accordance with 15 USC 3710a(b)(1)(B) and (C).

For all other rights retained or transferred by the Laboratory in Subject Inventions of the Laboratory, DOE has march-in rights in accordance with 48 CFR 27.304-1(g).

ARTICLE XXII. U.S. COMPETITIVENESS

The Parties agree that a purpose of this program is to provide substantial benefit to the United States economy and the economy of the participating NIS.

A. In exchange for the benefits received under this CRADA, the Participant therefore agrees to the following:

Products, processes, services, and improvements which are covered by Intellectual Property developed under this CRADA shall be incorporated into the Participant's manufacturing facilities in the United States either prior to or simultaneously with implementation outside the United States. In any case, such implementation outside the United States shall not result in reduction of manufacture or use of the same products, processes, services, or improvements in the United States.

B. The Laboratory agrees to a U.S. Industrial Competitiveness clause in accordance with its prime contract with respect to any licensing and assignments of its Intellectual Property arising from this CRADA, except that any licensing or assignment of its Intellectual Property rights to the Participant shall be in accordance with paragraph A of this Article.

ARTICLE XXIII. ASSIGNMENT OF PERSONNEL

A. It is contemplated that each Party may assign personnel to the other Party's facility as part of this CRADA. Such personnel assigned by the assigning Party to participate in or observe the research to be performed under this CRADA shall not, during the period of such assignments, be considered employees of the receiving Party for any purposes.

B. The receiving Party shall have the right to exercise routine administrative and technical supervisory control of the occupational activities of such personnel during the assignment period and shall have the right to approve the assignment of such personnel and/or to later request their removal by the assigning Party.

C. The assigning Party shall bear any and all costs and expenses with regard to its personnel assigned to the receiving Party's facilities under this CRADA. The receiving Party shall bear facility costs of such assignments.

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ARTICLE XXIV. FORCE MAJEURE

No failure or omission by the Laboratory or Participant in the performance of any obligation under this CRADA shall be deemed a breach of this CRADA or create any liability if the same shall arise from any cause or causes beyond the control of the Laboratory or Participant, including but not limited to the following, which, for the purpose of the CRADA, shall be regarded as beyond the control of the Party in question: acts of God, acts or omissions of any government or agency thereof, compliance with requirements, rules, regulations, or orders of any governmental authority or any office, department, agency, or instrumentality thereof, fire, storm, flood, earthquake, accident, acts of the public enemy, war, rebellion, insurrection, riot, sabotage, invasion, quarantine, restriction, transportation embargoes, or failures or delays in transportation.

ARTICLE XXV. ADMINISTRATION OF THE CRADA

It is understood and agreed that this CRADA is entered into by the Laboratory under the authority of its prime contract with DOE. The Laboratory is authorized to and will administer this CRADA in all respects unless otherwise specifically provided for herein. Administration of this CRADA may be transferred from the Laboratory to DOE or its designee with notice of such transfer to the Participant, and the Laboratory shall have no further responsibilities except for the confidentiality, use, and/or nondisclosure obligations of this CRADA.

ARTICLE XXVI. RECORDS AND ACCOUNTING SYSTEM

The Participant shall maintain records of receipts, expenditures, and the disposition of all Government property in its custody related to the CRADA.

ARTICLE XXVII. NOTICES

A. Any communications required by this CRADA, if given by postage prepaid first class U.S. Mail addressed to the Party to receive the communication, shall be deemed made as of the day of receipt of such communication by the addressee, or on the date given if by verified facsimile. Address changes shall be given in accordance with this Article and shall be effective thereafter. All such communications, to be considered effective, shall include the number of this CRADA.

B. The address, telephone numbers, and facsimile numbers for the Parties are as follows:

a. FORMAL NOTICES AND COMMUNICATIONS

CRADA Administrator
Telephone: (505) 843-4232
Facsimile: (505) 843-4175
Email: cradaadm@sandia.gov

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For FedEx., UPS, Freight:
Sandia National Laboratories
1155 University Blvd. SE
Albuquerque, NM 87106

For U.S. Mail Only:
Sandia National Laboratories
MS 1380
P.O. Box 5800
Albuquerque, NM 87185-1380

- b. TECHNICAL CONTACT, REPORTS, AND COPIES OF FORMAL NOTICES AND COMMUNICATIONS

Telephone: (505)
Facsimile: (505)
email:

For FedEx., UPS, Freight:
Sandia National Laboratories
MS-
Building 957
1515 Eubank Blvd. SE
Albuquerque, NM 87123

For U.S. Mail Only:
Sandia National Laboratories
MS-
P.O. Box 5800
Albuquerque, NM 87185-

2. For Participant

- a. FORMAL NOTICES AND COMMUNICATIONS, COPIES OF REORTS

Telephone:
Facsimile:
email:

For FedEx., UPS, Freight:

For U.S. Mail Only:

- b. TECHNICAL CONTACT, REPORTS, COPIES OF FORMAL NOTICES AND COMMUNICATIONS

Phone:
Fax:
e-mail:

For FedEx., UPS, Freight:

For U.S. Mail Only:

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ARTICLE XXVIII. DISPUTES

The parties shall attempt to jointly resolve all disputes arising from this CRADA. If the Parties are unable to jointly resolve a dispute within a reasonable period of time after submission of the dispute for resolution, said dispute shall be adjudicated in a court of competent jurisdiction in the State of New Mexico. To the extent that there is no applicable U.S. Federal law, this CRADA and performance thereunder shall be governed by the law of the State of New Mexico.

ARTICLE XXIX. ENTIRE CRADA AND MODIFICATIONS

A. It is expressly understood and agreed that this CRADA with its Appendices contains the entire agreement between the Parties with respect to the subject matter hereof and that all prior representations or agreements relating hereto have been merged into this document and are thus superseded in totality by this CRADA. This CRADA shall not be effective until approved by DOE.

B. Any agreement to change any terms or conditions of this CRADA or the Appendices shall be valid only if the change is made in writing, executed by the Parties hereto, and approved by DOE.

C. The Participant certifies that it has not and will not enter into an agreement with the Participating NIS Institute that conflicts with the terms of this CRADA. To the extent that any subsequent agreement between the Participant and the Participating NIS Institute conflicts with the allocation of rights in Participating NIS Institute Inventions under this CRADA, the Participant agrees that the terms of this CRADA will supersede the terms of such agreement.

ARTICLE XXX. TERMINATION

This CRADA may be terminated by either Party upon thirty (30) days written notice to the other Party. This CRADA may also be terminated by the Laboratory in the event of failure by the Participant to provide the necessary advance funding, as agreed in Article III.1.

In the event of termination by either Party, each Party shall be responsible for its share of the costs incurred through the effective date of termination, as well as its share of the costs incurred after the effective date of termination and which are related to the termination. The confidentiality, use, and/or nondisclosure obligations of this CRADA shall survive any termination of this CRADA.

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For Laboratory:

BY _____
David L. Goldheim

TITLE Director, Corporate Business Development & Partnerships

DATE _____

For Participant:

BY _____

TITLE _____

DATE _____

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What we seek in an IPP Project

- **New or emerging market**
- **Credible opportunity for US partner to make money**
- **Opportunity for FSU partner to do advanced technical work**
- **Opportunity for FSU partner to earn follow-on production contract**
- **Opportunity to enhance our own technical capabilities for applications within DOE and other federal agencies**



What we seek in an IPP Industry Partner

- **A current service or equipment provider in the relevant industry**
- **Current in-house or integrated manufacturing capability**
- **Able to deliver a credible business plan for making money with the technology**
- **Able to meet its project financial and in-kind obligations**
- **Willing to give the FSU partner a fair opportunity to earn follow-on production contract**



What we seek in an FSU Institute Partner

- **Russian executives with prior commercial success**
- **Employees with WMD technical credentials and entrepreneurial ambition**
- **Responsiveness to requirements from SNL and the industry partner**
- **Able to deliver a credible business plan for making money in Russia with the technology**
- **Commitment to competing for and winning follow-on production contract**

Appendix A, Statement of Work
Project Letter Agreement
CRADA No. [assigned by Org. 1323]
[date]

[illegible]

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Task Descriptions

[Guidance: As part of their in-kind contribution to the CRADA effort, the Participant is expected to provide the following support and deliverables (incorporate into the task discussion and deliverables sections that follow):

- Knowledgeable industry experts, including field engineers and technicians, to collaborate in documenting requirements for a technically and commercially viable product.
- The same or equally qualified personnel to assist with design, review, and acceptance testing throughout the CRADA.

<u>Deliverable</u>	<u>Due</u>
Industry Requirements for Project	ASAP after CRADA execution

- A Project Oversight Plan (narrative, resource loaded GANTT or PERT charts all acceptable) describing ongoing discussions with the technology developers, mutual status reviews, documentation of requirements for quality standards, servicing, user documentation, packaging, etc.

<u>Deliverable</u>	<u>Due</u>
Project Oversight Plan	60 days after CRADA execution

- A Marketing Plan describing how the product will be introduced to potential consumers, with sales projections.

<u>Deliverable</u>	<u>Due</u>
Marketing/Business Development Plan	4-6 months prior to scheduled completion of CRADA

- A Manufacturing Logistics Plan describing how the product will be manufactured, either in-house or by the Russian partners. Processes for qualification of subcontractors will be addressed, as will logistics processes for order fulfillment.

<u>Deliverable</u>	<u>Due</u>
Manufacturing Logistics Plan	3-6 months prior to scheduled completion of CRADA]

Task 1: [Task Title]

Discussion. **[Guidance:** Provide the task objective and a brief task description. DOE uses this part of the Statement of Work to ascertain the "cooperative" nature of the project. Consequently, it's important to list the party or parties (i.e., Sandia, industry Participant, Russian partner] responsible for each major part of the task and to describe each party's contributions toward achieving the task's objective. If the technical work will require Sandia or the Participant to purchase capital and/or non-capital equipment, provide a brief explanation about the project requirements that will necessitate the equipment purchase.]

Deliverables. **[Guidance:** Identify deliverable(s) for each task. State whether the deliverable will be jointly produced, or identify the party or parties (i.e., Sandia, industry Participant, Russian partner] that are primarily responsible for the deliverable. Deliverable may be a completed piece of equipment or prototype, a report, or the results of a test.]

Task 2: [Task Title]

Discussion.

Deliverables.

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[Guidance: Tasks may be broken down into subtasks. Although subtasks must appear in the Tasks and Division of Responsibilities table (with durations and responsible Party), DOE does not require descriptions and deliverables for subtasks.

Tasks also may be grouped into phases if the nature of the work to be performed requires that some tasks be organized with similar tasks. For example:

Phase I

Task 1
Task 2

Phase II

Task 4
Task 5

Phase III

Task 6
Task 7]

Duration of CRADA

The period of performance for this CRADA is [____] months.

Location of "Next Use"

The location of delivery and "next use" for the deliverables developed under this CRADA effort is **[state or country]**.

[Guidance: On funds-in CRADAs ONLY, identify the delivery location and the Participant's location of next use for the deliverables. This customarily is the state or country where the Participant's office is located. Notify the Agreements Specialist if the Participant has facilities located in and outside New Mexico. The information is used by Sandia's financial organization to comply with requirements concerning New Mexico Gross Receipts Tax.]

C. ESTIMATED COST (All Money in \$K)

[Guidance: If this is a multilab CRADA, delete this table and use the Estimated Overall Cost table below.]

	PY1	PY2	PY3	PY4	PY5	TOTAL
GOVERNMENT						
DOE Contribution						
Sandia						
NIS/FSU Institute						
Subcontract						
Other Federal Funds						
Total Government						
PARTICIPANT						
Funds-In Contribution						
Paid 3% Fed Admin Chg						
Total Participant Funds						
In-Kind Contribution						

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	PY1	PY2	PY3	PY4	PY5	TOTAL
Total Participant						
Total CRADA Value						

Authorized Travel

[Guidance: Provide information on the amount (in \$K) authorized for expenditure on travel.]

DOE will fund \$___K total for travel to _____.

ESTIMATED OVERALL COST (All Money in \$K)

[Guidance: Delete this section, including the table below, if Sandia is the only laboratory that's involved in this CRADA.]

The overall estimated cost profile by laboratory for the CRADA is shown below:

	PY1	PY2	PY3	PY4	PY5	TOTAL
GOVERNMENT						
DOE Contribution						
Sandia						
NIS/FSU Institute						
Subcontract						
[other laboratory]						
[other laboratory]						
Other Federal Funds						
Total Government						
PARTICIPANT						
Funds-In Contribution						
Paid 3% Fed Admin Chg						
Total Participant Funds						
In-Kind Contribution						
Total Participant						
Total CRADA Value						

D. TECHNICAL CONTACTS

For Sandia:

[PI's name]

Org. xxxx / MS xxxx

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

e-mail:

For Participant:

[Technical Contact's name]

Phone: (xxx) xxx-xxxx

Fax: (xxx) xxx-xxxx

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e-mail:

E. TANGIBLE PROPERTY

[**Guidance:** List any tangible property that will be **produced or acquired** during the term of the CRADA, who will pay for it, and who will own it, e.g., acquired equipment and any prototypes that are produced.]

F. MANAGEMENT STRUCTURE

Identify roles and responsibilities among lab(s), industry Participant(s), Russian partner(s) for:

- Establishing project priorities;
- Resolving technical issues;
- Identifying "partnership meetings" (at least semi-annually);
- Establishing schedule for interim technical reporting as appropriate;
- Establishing a "reminder" checklist for interim technical/financial reporting and partnership meetings;
- Reporting milestones and delays; and
- Identifying who will serve as the lead in developing the final report.]

G. BACKGROUND INTELLECTUAL PROPERTY

[Identify any BIP (Sandia's and the industry Participant's) that will be used/improved/commercialized in the CRADA.]

Loaned and Borrowed Property Information

A. LOANED PROPERTY

[**Guidance:** State "None", if there will be no loaned property.]

As part of this CRADA effort, Sandia will lend to Participant the Government property described below:

Description of Loaned Property:

Item	Qty	Description	Identification	Unit Cost	Ext. Cost*
TOTAL VALUE OF LOANED PROPERTY					

*Extended cost equals quantity times unit cost.

Participant's Location of Loaned Property: _____
[Sandia Bldg. or Facility]

In no event shall the Participant be liable in excess of \$_____ [fill in dollar amount] for loss or destruction of the Sandia-loaned property, including liability for negligence.

B. BORROWED PROPERTY

[**Guidance:** State "None", if there will be no borrowed property.]

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As part of this CRADA effort, Participant will lend to Sandia the Participant's property described below:

Description of Borrowed Property:

Item	Qty	Description	Identification	Unit Cost	Ext. Cost*
TOTAL VALUE OF BORROWED PROPERTY					

*Extended cost equals quantity times unit cost.

Sandia's Location of Loaned Property: _____

[Sandia Bldg. or Facility]

In no event shall Sandia be liable in excess of \$_____ [fill in dollar amount], including liability for negligence.

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**IN-KIND VALUATION GUIDANCE
FOR
UNITED STATES INDUSTRY COALITION (USIC) CRADAS**

A. BACKGROUND

In accordance with DOE requirements, the Participant must estimate the value of their in-kind contributions to the CRADA effort.

The following guidelines, prepared by Sandia Business Development, are to be used as the following (typical) sequence is followed. (1)The Participant provides an estimate of their in-kind contribution in the course of developing the Project Letter Agreement (PLA) with laboratory personnel. (2)The laboratory Principal Investigator (PI), with knowledge of the Participant's project tasks and deliverables, will review the Participant's estimate of in-kind cost and employ their experience and general knowledge relating to the value of goods and services to determine whether the Participant's expressed values of in-kind contributions are reasonable. (3)The PI will use the guidelines in the determination of reasonableness, sharing them with the Participant as necessary. (4)Tangible evidence of the PI's determination is made available in the CRADA file.

The Participant is expected to provide the following support and deliverables as part of their in-kind contribution to the CRADA effort:

- Knowledgeable industry experts, including field engineers and technicians, to collaborate in documenting requirements for a technically and commercially viable product.
- The same or equally qualified personnel to assist with design, review, and acceptance testing throughout the CRADA.
- A Project Oversight Plan (narrative, resource loaded GANTT or PERT charts all acceptable) describing ongoing discussions with the technology developers, mutual status reviews, documentation of requirements for quality standards, servicing, user documentation, packaging, etc.
- A Marketing Plan describing how the product will be introduced to potential consumers, with sales projections.
- A Manufacturing Logistics Plan describing how the product will be manufactured, either in-house or by the Russian partners. Processes for qualification of subcontractors will be addressed, as will logistics processes for order fulfillment.

B. GUIDELINES

Assets: Personnel, Services, and Property

Expenditure Period: After CRADA is approved by DOE and signed by all parties.

Personnel

Personnel includes salary, fringes, overhead, indirect costs, and relocation for permanent or temporary personnel for the performance of the CRADA.

Valuation Method: The approximate costs for the types of individuals being supplied can be used. For example, if the Participant is supplying one engineer and one technician in each year of the project, and the average cost for each at the Participant's site is \$150,000/year and \$125,000/year respectively, the total in-kind labor contribution from the Participant would be \$275,000/year.

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Alternatively, the Participant may use the average cost of a full-time equivalent (FTE) in their organization.

Notes:

- 1) The Participant should not count market research activities unless they can be shown to directly benefit the research and development efforts of the CRADA.

Services

Services includes travel, direct support, purchases for services, and other charges made to support the CRADA effort.

Valuation Method: The Participant may count the cost of such services during performance of the CRADA provided they are judged appropriate by Sandia.

Property

Property includes purchases for non-capital equipment and supplies made to support the CRADA effort as well as special property such as materials.

Valuation Method: The Participant may count the market value of property being supplied during performance of the CRADA. If the market value for the property is not available, then the Participant can estimate the market value by considering: (1) the replacement cost of this property and (2) the fair market value of the property from other sources.

Note:

The Participant may count the market value of a tangible property that is consumed during the CRADA, but the Participant cannot count the development costs that went into developing the property; i.e., pre-CRADA development costs are not allowed as in-kind contributions.

Asset: Equipment or Facility Usage

Expenditure period: After the CRADA is approved by DOE and signed by all parties.

Equipment Usage

Valuation methods: One of three valuation methods may be used: (1) the actual cost of the lease; (2) a standard straight line depreciation; or (3) a percentage of useful life of the equipment used under the CRADA.

The first method, actual value of a lease, may be used when the equipment is being supplied as in-kind under a lease from the private sector.

The second method, a standard (IRS-type) straight line depreciation technique, should be used when the equipment is procured primarily for this subject CRADA and the Participant will retain the equipment after the CRADA is complete. The DOE does not include depreciation in its estimate of the department's contribution to the CRADA for matching purposes. The department's matching contributions are operating costs only. Any calculation of depreciation and department overhead is for informational purposes only. Consequently, it is generally considered inappropriate for Participants to include depreciation as part of their in-kind contribution. However, where capital items are procured specifically for the performance of a CRADA, a proportional depreciation charge related to that item may be included as part of the in-kind contribution even though the item may have a useful life beyond the Participant's performance of the CRADA.

The third method is to determine the percentage of the equipment's useful life that will be consumed during the CRADA. Sandia and the Participant must agree on how to spread the cost of the

equipment over the CRADA period (using Generally Accepted Accounting Principles or a similar method).

If title to the equipment is donated to the contractor or the government at no cost to the government, or the property will be fully consumed during the project, a reasonable price not in excess of the fair market value at the time of donation should be established.

Note:

The second and third methods do not apply to in-house equipment such as computer equipment. This type of equipment is normally considered to be overhead, which is not considered an in-kind contribution.

Facility Usage

A facility consists of experienced staff and special equipment that provides competence in a technological area; e.g., an aviation high velocity wind tunnel test facility or an automotive test track.

Valuation Methods: There are two ways the incremental use of a facility can be evaluated: (1) divide the costs into in-kind personnel costs and equipment usage described above, or (2) calculate an hourly rate for the facility based on the cost of personnel and equipment usage, as is done for Sandia's User Facilities.

Note:

Costs associated with the building housing the facility are not allowed.

Asset: Background Intellectual Property (Patents, Copyrights, Trademarks, Mask Works, etc.)

Expenditure Period: Prior to signing the CRADA.

Valuation Method: Provided Sandia needs a license to use a prior patent or copyright in the performance of the CRADA and that this license has follow-on use and benefit to DOE or Sandia (for example, a license necessary to improve Sandia's core competencies), the Participant may count the market value of a non-exclusive, royalty-free license to Sandia. If the market value for such a license is not available, then the Participant can estimate the market value of such a license by determining a reasonable market value for the intellectual property (IP). In estimating the value of the license, consideration will be given to the breadth of the license (Government-wide or Laboratory/Production Facility only), the estimated royalty payments the government would have to make in the absence of such a license, and the duration of the unexpired term of the intellectual property.

Notes:

- 1) If the background IP is only beneficial to the performance of the CRADA and has no follow-on benefit to DOE or Sandia, then the IP is considered to be part of pre-CRADA development costs, which are not allowed as part of the in-kind contribution.
- 2) The total amount invested by the Participant in developing an IP is not relevant to its market value; i.e., pre-CRADA development costs are not allowed.
- 3) If the Participant's background intellectual property is being licensed to the laboratory/production facility or the Government under some other program and under conditions that include the CRADA, such as "for Government purposes," the cost is not allowed. The laboratory or production facility and the Participant should verify in writing that such a license does not exist before the cost is allowed.

Asset: Data

Data consist of information (as opposed to intellectual property) that will be used in testing, design, or development during the CRADA effort. If the information is to be used only to benefit the Participant in the performance of the CRADA, its acquisition costs will not be allowed because they are pre-CRADA development costs. If the information will have follow-on use or provide benefit to the laboratory/production facility and is not obtainable through other sources, a fair market value for the information will be permitted as an in-kind contribution.

Expenditure Period: Prior to signing the CRADA.

Valuation method: Provided Sandia needs the data in performance of the CRADA and this data has follow-on use, rights, and benefit to DOE or Sandia, the Participant may count the market value of the data. If the market value of the data is not available, then the Participant can estimate the market value of such data by determining a reasonable market value for it.

Note:

If the data is only beneficial to the performance of the CRADA, then it is pre-CRADA development costs, which are not allowed as in-kind contributions.

C. ESTIMATED IN-KIND CONTRIBUTION

Estimated value in \$K

ASSET (e.g., Personnel, Services, etc.)	PY1	PY2	PY3	PY4	PY5
PY TOTALS					

*Enter project year (PY) total(s) in Estimated Cost Table (Section C) of Project Letter Agreement

Funds-In Agreement

between Sandia National Laboratories, operating under its contract with the United States Department of Energy, and the Sponsor identified below:

1. SPONSOR NAME		2. FUNDS-IN AGREEMENT NO. SNL-	
3. ESTIMATED PERFORMANCE PERIOD (IN MONTHS)		4. PROJECT TITLE/DESCRIPTION	
5. FINANCIAL a. Estimated Cost: b. Incremental funding: <input type="checkbox"/> Yes <input type="checkbox"/> No c. Amount Advanced this Action:		6. SANDIA NATIONAL LABORATORIES a. TECHNICAL REPRESENTATIVE: b. ADMINISTRATIVE REPRESENTATIVE: Sandia National Laboratories Sandia National Laboratories P. O. Box 5800- P.O. Box 5800 Albuquerque, NM 87185 Albuquerque, NM 87185- Telephone: (505) 84 - Telephone: (505) 843-	
7. AGREEMENT TERMS AND CONDITIONS This agreement consists of this form with Terms and Conditions plus the following: a. Appendix A - Statement of Work c. Appendix C - Rights in Technical Data - Use of Facilities - Protected b. Appendix B - Patent Rights - Use of Facilities- d. Other (identify)			
8. SPONSOR ACCEPTANCE Name: Title: Address: Telephone No.: Fax: Signature: Date		9. SANDIA NATIONAL LABORATORIES ACCEPTANCE Name: David Goldheim Title: Director, Corporate Business Development & Partnerships Address: Sandia National Laboratories P.O. Box 5800 Albuquerque, NM 87185-1380 Telephone No.: (505) 845-7730 Signature: Date	

TERMS AND CONDITIONS

1. PARTIES TO THE AGREEMENT. It is understood by the Parties that the Contractor, Sandia Corporation (Sandia), which operates and manages Sandia National Laboratories, is obligated to comply with the terms and conditions of its Management and Operating contract, Number DE-AC04-94AL85000, with the United States Government (hereinafter called the "Government") represented by the United States Department of Energy (hereinafter called "DOE") when providing goods, services, products, processes, materials, or information to the Sponsor under this Agreement.

2. TERM OF THE AGREEMENT. This Agreement shall be effective as of the latter date of (1) the date on which it is signed by the last of the Parties thereto, or (2) the date on which the contractor receives advance funding from the Sponsor, and shall continue for the estimated performance period stated in block 3 above. The term of this agreement may be extended by mutual, written agreement of the parties when the extension does not affect the cost, statement of work, or terms and conditions, which require a formal amendment to the Agreement.

3. COSTS. The Contractor has no obligation to continue or complete performance of the work at a cost in excess of its estimated cost stated in block 5 above, including any subsequent amendment. The Contractor agrees to provide at least thirty days' notice to the Sponsor if the actual cost to complete performance will exceed its estimated cost.

4. FUNDING AND PAYMENT. The Contractor is required by DOE to receive advance funding before beginning work. The Sponsor shall provide sufficient funds in advance to reimburse the Contractor for costs to be incurred in performance of the work described in this Agreement, and the Contractor shall have no obligation to perform in the absence of adequate advance funds. If the estimated period of performance exceeds 90 days and the estimated cost exceeds \$25,000, the Sponsor may, with the Contractor's approval, advance funds incrementally. In such a case, the Contractor will initially invoice the Sponsor in an amount sufficient to permit the work to proceed for 75 days and thereafter invoice the Sponsor monthly so as to maintain approximately a 45-day period that is funded in advance. Payment shall be made directly to the Contractor in accordance with billing instructions. Upon termination or completion, excess funds shall be refunded by the Contractor to the Sponsor, in accordance with the Contractor's close-out procedures.

5. SOURCE OF FUNDS. The Sponsor hereby warrants and represents that, if the funding it brings to this Agreement has been secured through other agreements, such other agreements do not have any terms and conditions (including intellectual property) that conflict with the terms of this Agreement.

6. PROPERTY. Unless the Parties otherwise agree in writing, all equipment produced or acquired with funds provided by the Sponsor shall be disposed of as instructed by the Sponsor. Any property which becomes integrated into the facility becomes property of the Government.

7. PRE-PUBLICATION REVIEW. The Parties agree to secure pre-publication approval of proposed publications, including news releases and advertisements, from each other, which shall not be unreasonably withheld or denied. The Parties agree to respond to such requests within thirty days.

8. LEGAL NOTICE. The Parties agree that the following legal notice shall be affixed to each report furnished to the Sponsor under this Agreement and to any report resulting from this Agreement which may be distributed by the Sponsor:

“NOTICE

This document was prepared by Sandia National Laboratories (hereinafter referred to as “Contractor”) as an account of work performed under a sponsored agreement and pursuant to a Management and Operating Contract with the United States Department of Energy (DOE). Neither the Contractor, nor the DOE, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise, does not necessarily constitute or imply its endorsement, recommendation, or favoring by the Contractor or the DOE. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.”

9. DISCLAIMER. THE GOVERNMENT AND THE CONTRACTOR MAKE NO EXPRESSED OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY OR PRODUCT MADE OR DEVELOPED UNDER THIS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT. NEITHER THE GOVERNMENT NOR THE CONTRACTOR SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES.

10. PRODUCT LIABILITY INDEMNITY. The Sponsor hereby agrees to indemnify and hold harmless the Contractor and the Government, their officers, agents, and employees from any and all liability, claims or damages, including attorney fees and cost whatsoever, for injury to or death of persons, or damage to or destruction of property, as a result of or arising out of the making, use, or selling of a product, process, or service which was derived from the work performed under this Agreement by or on behalf of the Sponsor, its assignees or licensees, provided, however, that neither the Government nor the Contractor shall be considered assignees or licensees of the Sponsor as a result of reserved Government and Contractor rights.

11. INTELLECTUAL PROPERTY INDEMNITY - LIMITED. The Sponsor shall indemnify the Government and the Contractor and their officers, agents, and employees against liability, including attorney’s fees and costs, for infringement of any United States patent, copyright, or other intellectual property arising out of any acts required or directed by the Sponsor to be performed under this Agreement to the extent such acts are not already performed at the facility. Such indemnity shall not apply to a claimed infringement that is settled without the consent of the Sponsor unless required by a court of competent jurisdiction.

12. NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT. The Sponsor shall report to the DOE and the Contractor, promptly and in reasonable written detail, each claim of patent or copyright infringement based on the performance of this Agreement of which the Sponsor has knowledge. The Sponsor shall furnish to the DOE and the Contractor, when requested by the DOE or the Contractor, all evidence and information in the possession of the Sponsor pertaining to such claim.

13. PATENTS AND TECHNICAL DATA RIGHTS. Terms and conditions regarding patents and technical data rights are set forth in block 7 above and attached hereto as Appendix B and Appendix C, respectively.

14. ASSIGNMENT. Neither this Agreement nor any interest therein or claim thereunder shall be assigned or transferred by either Party, except as authorized in writing by the other Party to this Agreement, provided the Contractor may transfer it to the DOE, or its designee, with notice of such transfer to the Sponsor, and the Contractor shall have no further responsibilities except for the confidentiality, use, and/or non-disclosure obligations of this Agreement.

15. SIMILAR OR IDENTICAL SERVICES. The Government and/or Contractor shall have the right to perform similar or identical services in the Statement of Work (SOW) for other Sponsors as long as neither the Sponsor's Proprietary Information nor Protected Information, during the term of its protection, is utilized.

16. NON-COMPETITION. The Sponsor states that, to the best of the Sponsor’s knowledge, the Contractor is not in competition with the domestic private sector.

17. EXPORT CONTROL. Each party is responsible for its own compliance with laws and regulations governing export control.

18. FORCE MAJEURE. No failure or omission by Sandia or Sponsor in the performance of any obligation under this Agreement shall be deemed a breach of this Agreement or create any liability if the same shall arise from any cause or causes beyond the control of Sandia or Sponsor, including but not limited to the following, which, for the purpose of this Agreement, shall be regarded as beyond the control of the Party in question: Acts of God, acts or omissions of any government or agency thereof, compliance with requirements, rules, regulations, or orders of any governmental authority or any office, department, agency, or instrumentality thereof, fire, storm, flood, earthquake, accident, acts of the public enemy, war, rebellion, insurrection, riot, sabotage, invasion, quarantine, restriction, transportation embargoes, or failures or delays in transportation.

19. TERMINATION. Performance of work under this Agreement may be terminated at any time by either Party, without liability, upon giving a thirty-day written notice to the other Party. The Contractor shall terminate this Agreement only when the Contractor determines, after direction from DOE, that such termination is in the best interest of the Government, provided, however, that the Contractor shall have the right to terminate if the Sponsor shall have failed to advance the funds required by Article 4 within 90 days of the Contractor's execution of this Agreement. In the event of termination, the Sponsor shall be responsible for the Contractor's costs (including close-out costs), through the effective date of termination, but in no event shall the Sponsor's cost responsibility exceed the total cost to the Sponsor as described in Article 3, above.

20. ENTIRE AGREEMENT. It is expressly understood and agreed that this Agreement and its Appendices contain the entire Agreement between the Parties. Any agreement to change any terms and conditions of this Agreement or the Appendices shall be valid only if the change is made in writing and executed by the Parties to the Agreement.

Appendix A

Statement of Work

prepared by: Sandia National Laboratories

Proposal # XXXXXXXXXX: “Next Generation Explosive Ordnance Disposal (EOD) Remote-Controlled Vehicle”

Sandia National Laboratories, for and in consideration of the funding provided by the Sponsor, shall perform the following work for the Sponsor:

I. Description of Services

PROJECT SCOPE:

Support for Sponsors deliverable under Broad Agency Announcement N41756-02-Q-4653, Requirement R-826, Manipulation.

TECHNICAL CONTENT:

II. Deliverables:

The deliverables will consist of:

This project and the work being proposed are unclassified.

**APPENDIX B
PATENT RIGHTS - USE OF FACILITIES**

1. Definitions.

- A. "Invention"** means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code or any novel variety of plant that is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.).
- B. "Sponsor Invention"** means any invention, to the extent the Sponsor is performing any work under this Agreement, of the Sponsor, conceived or first actually reduced to practice in the course of or under this Agreement.
- C. "Patent Counsel"** means the DOE Patent Counsel assisting the procuring activity which has the administrative responsibility for the facility where the work under this Agreement is to be performed.

2. Contractor Inventions. The Government and the Contractor shall have rights in any Invention conceived in the performance of work under this Agreement by employees of Contractor in accordance with the provisions of Department of Energy's (DOE) operating contract with Contractor subject to Sponsor obtaining, upon notice to the DOE Patent Counsel, a nonexclusive, nontransferable, irrevocable, paid-up license to practice said Invention throughout the world. Sponsor further has the first option to negotiate with the Contractor for an exclusive license in a prenegotiated field of use on reasonable terms and conditions.

3. Sponsor's Election to Retain Rights. Subject to the provisions of paragraph 4.B. of this clause with respect to any Sponsor Invention reported and elected in accordance with paragraph 5. of this clause, the Sponsor may elect to obtain the entire right, title, and interest in any patent application filed in any country on a Sponsor Invention and in any resulting patent secured by the Sponsor. Where appropriate, the filing of patent applications by the Sponsor is subject to DOE security regulations and requirements.

4. Rights of Contractor and Government

A. Assignment to either the Contractor or the Government

The Sponsor agrees to assign to either the Contractor or the Government, as requested by the Contractor, the entire right, title, and interest in any country to each Sponsor Invention where the Sponsor:

- (1) does not elect pursuant to this article to retain such rights; or
- (2) elects to obtain title to a Sponsor Invention pursuant to paragraph 3. but fails to have a patent application filed in that country on the Sponsor Invention or decides not to continue prosecution or not to pay any maintenance fees covering the invention.

B. Terms and Conditions of Waived Rights

- (1) To preserve the Contractor's and the Government's residual rights to Sponsor Inventions, and in patent applications and patents on Sponsor Inventions, the Sponsor shall take all actions in reporting, electing, filing on, prosecuting, and maintaining invention rights promptly, but in any event, in sufficient time to satisfy domestic and foreign statutory and regulatory time requirements, or, if the Sponsor decides not to take appropriate steps to protect the invention rights, it shall notify the Contractor in sufficient time to permit either the Contractor or the Government to file, prosecute, and maintain patent applications and any resulting patents prior to the end of such domestic or foreign statutory or regulatory time requirements.
- (2) The Sponsor shall convey or ensure the conveyance of any executed instruments necessary to vest in either the Contractor or the Government the rights set forth in this article.
- (3) With respect to any Sponsor Invention in which the Sponsor obtains title, the Sponsor hereby grants to the Government a non-exclusive, nontransferable, irrevocable, paid-up license to

practice or have practiced by or on behalf of the United States the Sponsor Invention throughout the world.

- (4) The Sponsor shall provide the Government a copy of any patent applications filed on a Sponsor Invention within six (6) months after such application is filed, including its serial number and filing date.
- (5) Preference for U.S. Industry. Notwithstanding any other provision of this article, the Sponsor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any Sponsor Invention in the United States unless such person agrees that any products embodying the Sponsor Invention or produced through the use of the Sponsor Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Sponsor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.
- (6) March-In Rights. The Sponsor agrees that with respect to any Sponsor Invention the DOE shall retain the right to require the Sponsor to grant to a responsible applicant, a nonexclusive, partially exclusive, or exclusive license to use the Sponsor Invention in any field of use, on terms that are reasonable under the circumstances, or if the Sponsor fails to grant such a license, to grant the license itself. DOE may exercise this right only in exceptional circumstances and only if DOE determines that:
 - (a) the action is necessary to meet health or safety needs that are not reasonably satisfied by the Sponsor; or
 - (b) the action is necessary to meet the requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Sponsor; or
 - (c) such action is necessary because a licensee of the exclusive right to use or sell any Sponsor Invention in the United States is in breach of the agreement required by paragraph 4.B.(5).
- (7) The Sponsor agrees to refund any amounts received as royalty charges on any Sponsor Invention in procurement by or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention.
- (8) The Sponsor agrees to include, within the specification of any United States patent applications and any patent issuing thereon covering a Sponsor Invention, the following statement: "The Government has rights in this invention pursuant to [specify this underlying Agreement]."

5. Invention Identification, Disclosures, and Reports

- A. The Sponsor shall furnish the Patent Counsel a written report containing full and complete technical information concerning each Sponsor Invention it makes within six (6) months after conception or first actual reduction to practice, whichever occurs first, in the course of or under this Agreement, but in any event prior to any on sale, public use, or public disclosure of such invention known to the Sponsor. The report shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding to the extent known at the time of disclosure, of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any election of invention rights under this article. When an invention is reported under this paragraph 5.A., it shall be presumed to have been made in the manner specified in Section (a)(1) and (2) of 42 USC 5908.

- B.** The Contractor shall report Contractor Inventions it makes in accordance with the procedures set forth in its Management and Operating Contract with the DOE. In addition, the Contractor shall disclose to the Sponsor at the same time as disclosure to the Department any Contractor Inventions made by the Contractor under this Agreement.

6. Limitation of Rights

Nothing contained in this patent rights article shall be deemed to give the Government any rights with respect to any invention other than a Contractor or Sponsor Invention except as set forth in the Facilities License of paragraph 7.

7. Facilities License

In addition to the rights of the Parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this Agreement, the Sponsor agrees to and does hereby grant to the Government an irrevocable, non-exclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or first actually reduced to practice or acquired by the Sponsor, which at any time, through completion of this Agreement, are owned or controlled by the Sponsor and are incorporated in the facility as a result of this Agreement to such an extent that the facility is not restored to the condition existing prior to the Agreement (1) to practice or to have practiced by or for the Government at the facility, and (2) to transfer such license with the transfer of the facility. The acceptance or exercise by the Government of the aforesaid rights and license shall not prevent the Government at any time from contesting the enforceability, validity, or scope of, or title to, any rights or patents herein licensed.

8. Early Termination of Agreement

The terms and conditions of this article shall survive the Agreement, even in the event that the Agreement is terminated before completion of the Statement of Work.

APPENDIX B

PATENT RIGHTS - USE OF FACILITIES (CLASS WAIVER)

1. Definitions.

A. "Subject Invention" means any invention or discovery of the Contractor, or, to the extent the Sponsor is performing any work under this Agreement, of the Sponsor, conceived in the course of or under this Agreement, or, in the case of an invention previously conceived by the Sponsor, first actually reduced to practice in the course of or under this Agreement. "Subject Invention" includes any art, method, process, machine, manufacture, design or composition of matter, or any new and useful improvement thereof, or any variety of plant, whether patented under the Patent Laws of the United States of America or any foreign country, or unpatented.

B. "Patent Counsel" means the DOE Patent Counsel assisting the procuring activity which has the administrative responsibility for the facility where the work under this Agreement is to be performed.

2. Rights of the Sponsor - subject to the provisions of paragraph 3.B. with respect to any Subject Invention reported and elected in accordance with paragraph 4. of this article, the Sponsor may elect to obtain the entire right, title, and interest throughout the world to each Subject Invention and any patent application filed in any country on a Subject Invention and in any resulting patent secured by the Sponsor. Where appropriate, the filing of patent applications by the Sponsor is subject to DOE and other Government security regulations and requirements.

3. Rights of Contractor and Government

A. Assignment to either the Contractor or the Government

The Sponsor agrees to assign to either the Contractor or the Government, as requested by the Contractor, the entire right, title, and interest in any country to each Subject Invention of the Sponsor and to each Subject Invention of the Contractor, where the Sponsor:

(1) does not elect pursuant to this article to retain such rights; or

(2) elects to obtain title to a Subject Invention pursuant to paragraph 2. but fails to have a patent application filed in that country on the Subject Invention or decides not to continue prosecution or not to pay any maintenance fees covering the invention.

B. Terms and Conditions of Waived Rights

(1) To preserve the Contractor's and the Government's residual rights to Subject Inventions, and in patent applications and patents on Subject Inventions, the Sponsor shall take all actions in reporting, electing, filing on, prosecuting, and maintaining invention rights promptly, but in any event, in sufficient time to satisfy domestic and foreign statutory and regulatory time requirements, or, if the Sponsor decides not to take appropriate steps to protect the invention rights, it shall notify the Contractor in sufficient time to permit either the Contractor or the Government to file, prosecute, and maintain patent applications and any resulting patents prior to the end of such domestic or foreign statutory or regulatory time requirements.

(2) The Sponsor shall convey or ensure the conveyance of any executed instruments necessary to vest in either the Contractor or the Government the rights set forth in this article.

(3) With respect to any Subject Invention in which the Sponsor obtains title, the Sponsor hereby grants to the Government a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced by or on behalf of the United States the Subject Invention throughout the world.

(4) The Sponsor shall provide the Government a copy of any patent applications filed on a Subject Invention within six (6) months after such application is filed, including its serial number and filing date.

(5) Preference for U.S. Industry. Notwithstanding any other provision of this article, the Sponsor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Sponsor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

(6) **March-In Rights.** The Sponsor agrees that with respect to any Subject Invention of the Contractor in which it has acquired title, the DOE shall retain the right to require the Sponsor to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive license to use the Subject Invention in any field of use, on terms that are reasonable under the circumstances, or if the Sponsor fails to grant such a license, to grant the license itself. DOE may exercise this right only in exceptional circumstances and only if DOE determines that:

(a) the action is necessary to meet health or safety needs that are not reasonably satisfied by the Sponsor; or

(b) the action is necessary to meet the requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Sponsor; or

(c) such action is necessary because a licensee of the exclusive right to use or sell any Subject Invention in the United States is in breach of the agreement required by paragraph 3.B.(5).

(7) The Sponsor agrees to refund any amounts received as royalty charges on any Subject Invention in procurement by or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention.

(8) The Sponsor agrees to include, within the specification of any United States patent applications and any patent issuing thereon covering a Subject Invention, the following statement: "The Government has rights in this invention pursuant to [specify this underlying Agreement]."

4. Invention Identification, Disclosures, and Reports

A. The Sponsor shall furnish the Patent Counsel a written report containing full and complete technical information concerning each Subject Invention it makes within six (6) months after conception or first actual reduction to practice, whichever occurs first, in the course of or under this Agreement, but in any event prior to any on sale, public use, or public disclosure of such invention known to the Sponsor. The report shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding to the extent known at the time of disclosure, of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any election of invention rights under this article. When an invention is reported under this paragraph 4.A, it shall be presumed to have been made in the manner specified in Section (a)(1) and (2) of 42 USC 5908.

B. The Contractor shall report Subject Inventions it makes in accordance with the procedures set forth in its Management and Operating Contract with the DOE. In addition, the Contractor shall disclose to the Sponsor at the same time as disclosure to the Department any Subject Inventions made by the Contractor under this Agreement and the Sponsor shall notify the Department within 6 months of receipt of such disclosure by the Sponsor of any election of patent rights under this article.

C. Requests for extension of time for election under subparagraphs A and B may be granted by Patent Counsel for good cause shown in writing.

5. Limitation of Rights

Nothing contained in this patent rights article shall be deemed to give the Government any rights with respect to any invention other than a Subject Invention except as set forth in the Facilities License of paragraph 6.

6. Facilities License

In addition to the rights of the Parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this Agreement, the Sponsor agrees to and does hereby grant to the Government an irrevocable, non-exclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or first actually reduced to practice or acquired by the Sponsor, which at any time, through completion of this Agreement, are owned or controlled by the Sponsor and are incorporated in the facility as a result of this Agreement to such an extent that the facility is not restored to the condition existing prior to the Agreement (1) to practice or to have practiced by or for the Government at the facility, and (2) to transfer such license with the transfer of the facility. The acceptance or exercise by the Government of the aforesaid rights and license shall not prevent the Government at any time from contesting the enforceability, validity, or scope of, or title to, any rights or patents herein licensed.

7. Early Termination of Agreement

The terms and conditions of this article shall survive the Agreement, even in the event that the Agreement is terminated before completion of the Statement of Work.

APPENDIX C
RIGHTS IN TECHNICAL DATA - USE OF FACILITIES

1. Definitions.

A. "Generated Information" means information produced in the performance of this Agreement.

B. "Proprietary Information" means information which is developed at private expense outside of work under this Agreement, is marked as Proprietary Information, and embodies (1) trade secrets or (2) commercial or financial information which is privileged or confidential under the Freedom of Information Act (5 USC 552 (b)(4)).

C. "Protected Generated Information" means Generated Information that would be a trade secret or commercial or financial information that is privileged or confidential if the information had been obtained from a non-Federal party.

D. "Unlimited Rights" means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so.

2. The Sponsor agrees to furnish to the Contractor or leave at the facility that information, if any, which is (1) essential to the performance of work by the Contractor personnel or (2) necessary for the health and safety of such personnel in the performance of the work. Any information furnished to the Contractor shall be deemed to have been delivered with Unlimited Rights unless marked as Proprietary Information. The Sponsor agrees that it has the sole responsibility for appropriately identifying and marking all documents containing Proprietary Information, whether such documents are furnished by the Sponsor or produced under this Agreement and made available to the Sponsor for review. Upon completion of activities under this Agreement, Proprietary Information will be disposed of as requested by the Sponsor. Before the Contractor releases data associated with this Agreement to anyone, the Sponsor will be afforded the opportunity to review that data to ascertain whether it contains Proprietary Information and to mark it as such.
3. The Government and Contractor agree not to disclose properly marked Proprietary Information to anyone other than the Sponsor without written approval of the Sponsor, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 USC 1905).
4. The Sponsor is solely responsible for designating the disposition of all of its Proprietary Information at the facility by or before termination of this Agreement. The Government and Contractor shall have Unlimited Rights in any Proprietary Information which is incorporated into the facility or equipment under this Agreement to such extent that the facility or equipment is not restored to the condition existing prior to such incorporation.
5. The Sponsor agrees that the Contractor will provide to the Department a nonproprietary description of the work performed under this Agreement.
6. "The Sponsor may designate as Protected Generated Information any Generated Information meeting the definition of paragraph 1.C above. Such Protected Generated Information will, to the extent permitted by law, be maintained in confidence and disclosed or used by the Contractor (under suitable protective conditions) only for the purpose of carrying out the Contractor's responsibilities under this Agreement and its work under its Management and Operating Contract with the DOE for a period of five (5) years from the date such data is generated, after which the Government and the Contractor will have Unlimited Rights in such data."
7. Copyrights. Each Party may assert copyright in any of its Generated Information. The Sponsor reserves at least a royalty-free non-exclusive license in copyrighted Contractor Generated Information. Subject to the other provisions of this article, and to the extent that copyright is asserted, the Government reserves for itself a royalty-free, world-wide, irrevocable, non-exclusive

license for Governmental purposes to publish, distribute, translate, duplicate, exhibit, prepare derivative works, and perform any such data.

8. The Government shall have Unlimited Rights in all Generated Information produced or information provided by the Parties under this Agreement, except for information which is disclosed in an invention disclosure being considered for patent protection, or which is marked as being Proprietary Information, Protected Generated Information, or information marked as copyrighted.
9. The terms and conditions of this article shall survive the Agreement, even in the event that the Agreement is terminated before completion of the Statement of Work.

User Agreement
No.«AgreementNumber»
BETWEEN
Sandia Corporation
(hereinafter "THE LABORATORY")
under the U.S. Department of Energy Contract No. DE-AC04-94AL8500
AND
«PartnersName»
(hereinafter "USER")

ARTICLE I: SCOPE OF SERVICES THE LABORATORY will make available to designated employees or representatives of the USER certain facilities, equipment, services, information and other material as described in Appendix A.

ARTICLE II: GENERAL DISCLAIMER The Government and THE LABORATORY make no expressed or implied warranty as to the condition of the research or any intellectual property or product made, or developed under this Agreement, or the ownership, merchantability or fitness for a particular purpose of the research or resulting product. Neither the Government nor THE LABORATORY will be liable for special, consequential or incidental damages.

ARTICLE III: COST Cost resulting from the Activity will be based on full cost recovery, including the federal administrative charge. The total cost to the USER will not, without the USER's prior consent, exceed the estimated cost set forth in Appendix A. However, THE LABORATORY will have no obligation to continue the Activity if the actual cost of such performance will exceed said estimated cost. Further, the estimated cost will not operate as a cost limitation on the obligations and liabilities assumed by the USER under this Agreement. THE LABORATORY will provide notice as soon as reasonably practicable if the actual cost to complete the Activity will exceed the estimated cost so as to allow the USER to elect to provide additional funding without interruption of the Activity.

ARTICLE IV: BILLING Payment Terms.

(1) The user will pay THE LABORATORY the amount of «DollarValueWords» («DollarValueNumbers») upon receipt of THE LABORATORY's invoice. THE LABORATORY will invoice this amount after execution of the Agreement by both parties. THE LABORATORY will not begin work under this agreement until funds are received from the USER.

(2) Upon completion of the work or termination of this Agreement, THE LABORATORY will refund any account balance to the USER.

(3) The procedures for remitting payments to THE LABORATORY are contained in Appendix B of this agreement

ARTICLE V: ADMISSION REQUIREMENTS

User's personnel are subject to the administrative and technical supervision and control of THE LABORATORY; and will comply with all applicable rules of THE LABORATORY and DOE with regard to such Activity including safety, operating and health-physics procedures, environment protection, access to information, hours of work, and conduct. The USER is required to obtain Agreements from each person participating on behalf of User as necessary to implement the provisions of the Agreement. User's employees will not be considered employees of THE LABORATORY for any purpose.

ARTICLE VI: PROPERTY Unless the parties otherwise agree, all equipment and test apparatus procured with funds provided by the USER will be disposed of as directed by the USER. Any equipment, which becomes integrated into the facility, becomes the property of the Government.

ARTICLE VII: SCHEDULING The USER understands that THE LABORATORY will have sole responsibility and discretion for allocating and scheduling usage of the facilities, equipment, services, materials and information needed for or involved in the activity.

ARTICLE VIII: MATERIALS The USER acknowledges that any material supplied by the USER may be damaged, consumed or lost. Materials (including residues and/or other contaminated material) remaining after performance of the work or analysis will be removed in their then condition by the USER at the USER's expense. USER will return facilities and equipment utilized in their original condition except for normal wear and tear.

ARTICLE IX: INTELLECTUAL PROPERTY PROVISIONS The rights (as revised 7/20/95) of the parties in patents, technical data, copyrights and other intellectual property that may arise under this agreement are set forth in Appendix C of this agreement.

ARTICLE X: NONDISCLOSURE Protected TDC/UF Information shall not be disclosed by THE LABORATORY for a period of five (5) years pursuant to Appendix C, Clause IV Sub-clause F.

ARTICLE XI: EXPORT CONTROLS The USER acknowledges that the export of goods or technical data from the United States may require some form of export control license from the U.S. Government and that failure to obtain such export control license may result in criminal liability under the laws of the United States.

ARTICLE XII: RECORDS AND ACCOUNTING SYSTEM The USER will maintain records of receipts, expenditures, and the disposition of all Government property in its custody, related to the Agreement.

ARTICLE XIII: PRE-PUBLICATION REVIEW

A. The USER will secure pre-publication approval from THE LABORATORY which will not be unreasonably withheld or denied beyond 14 days.

B. The USER will not use the name of THE LABORATORY or the United States Government or their employees in any promotional Activity, such as advertisements, with reference to any product or service resulting from this Agreement, without prior written approval of the Government.

The standard terms and conditions of this User Agreement Form have been reviewed and approved by US DOE, Albuquerque Operations Office. No change to this form may be made without DOE approval.

ARTICLE XIV: ADMINISTRATION OF THE AGREEMENT This Agreement is entered into by THE LABORATORY under the authority of its prime Contract with DOE. THE LABORATORY will administer this Agreement in all respects. Administration of this Agreement may be transferred from THE LABORATORY to DOE or its designee with notice of such transfer to the USER, and THE LABORATORY will have no further responsibilities except for the confidentiality, use and/or non-disclosure obligations of this Agreement.

ARTICLE XV: DISPUTES The parties will attempt to jointly resolve all disputes arising from this Agreement. If the parties are unable to jointly resolve a dispute within a reasonable period of time, the dispute will be decided by the DOE Contracting Officer. The decision of the DOE Contracting Officer is final.

ARTICLE XVI: INDEMNIFICATION Except for any liability resulting from any negligent acts or omissions of the Laboratory, the USER hereby agrees to hold harmless and indemnify THE LABORATORY and the United States Government, their officers, agents and employees for any and all damages, whatsoever, including but not limited to, personal injury and property damage sustained as a result of, or arising out of performance of the work under this Agreement.

ARTICLE XVII NON-COMPETITION The USER certifies that, to the best of the USER's knowledge, private facilities or laboratories are inadequate to perform the proposed work and the execution of this

Agreement will not place the LABORATORY or DOE in competition with the domestic private sector.

ARTICLE XVIII: TERMINATION This Agreement may be terminated by either party upon 14 days written notice to the other party. Notice will be deemed made as of the day of receipt. This agreement may also be terminated by THE LABORATORY in the event of failure by the USER to provide the necessary advance funding, as agreed in Article IV. In the event of termination by either party, the USER is responsible for the costs incurred through the effective date of termination, as well as the costs incurred after the effective date of termination, and which are related to the termination.

FOR SANDIA:

BY: _____
David Goldheim
TITLE: _____
Director, Corporate Business Development & Partnerships
DATE: _____

FOR USER:

BY: _____
«PartnersignatureLine»
TITLE: _____
«PartnerSignatureTitle»
DATE: _____

APPENDIX A
Statement of Work
To User Agreement No.
between
Sandia
and
«PartnersName»

Pursuant to the above identified User Agreement and subject to the terms and conditions stated therein, Sandia will provide, furnish, or otherwise make available to duly authorized employees or representatives of the USER the following facilities, equipment, services, material and/or information for the following purpose:

Purpose:

«SOWPurpose»

Term:

«SOWTerm»

Estimated Time of Use:

«SOWEstTimeUse»

Cost:

«SOWCostValueNumbers»

APPENDIX B
Billing
To User Agreement No.
between
Sandia
and
«PartnersName»

REMITTANCE:

A. The USER agrees that amounts due from the USER under this Agreement are the singular property of DOE from the outset. Sandia will receive payments from the USER solely as custodian for DOE. Sandia will deposit all USER proceeds in a DOE-owned bank account, as identified below. Checks will be endorsed by Sandia in favor of DOE.

B. Checks must be identified with User Agreement Number and should be made payable to "Sandia National Laboratories." Federal Express to: Sandia National Laboratories; 1515 Eubank SE, Bldg. 957; Albuquerque, NM 87123. Address your Corporate (inside) envelope to: Sandia National Laboratories; Assistant Treasurer and Cash Management Department 10507; MS-0189; P. O. Box 5800; Albuquerque, NM 87185-0189. If checks are sent by regular mail, use the following address: Sandia National Laboratories; c/o Bank of America, P. O. Box 26806; Albuquerque, NM 87125.

C. Electronic Funds Transfers (EFT) should be directed to: Sandia National Laboratories; ABA No.107000327, Account No. 01-0002860-4." A payment advice **identifying the User Agreement Number and Invoice Number**, EFT date and amount should be mailed to Sandia National Laboratories, Assistant Treasurer and Cash Management, Department 10507, MS-0189, P. O. Box 5800, Albuquerque, NM 87185-0189.

D. Payment Terms

(1) The USER will pay Sandia the amount of dollars (\$) upon receipt of Sandia's invoice to cover the entire period of the program. Sandia will invoice this amount after execution of the Agreement by both parties. Sandia will not begin work under the Agreement until the funds are received and certified.

(2) Upon completion of the work or termination of this Agreement, Sandia will refund any account balance to the USER.

(3) All costs incurred by Sandia under this Agreement and payable by the USER will be computed in accordance with Sandia's standard accounting practices.

NOTICES:

A. Any communications required by this Agreement, if given by postage prepaid first class U.S. Mail addressed to the party to receive the communication, will be deemed made as of the day of receipt of such communication by the addressee, or on the date given if by verified facsimile. Address changes will be given in accordance with this Article and will be effective thereafter. All such communications, to be considered effective, will include the number of this Agreement.

B. The addresses, telephone numbers and facsimile numbers for the parties are as follows:

1. For Sandia:

a. Formal Notices and Communications:

Alane J. Dulski
Telephone: (505) 843-4181

Facsimile: (505) 843-4163
E-mail: adulsk@sandia.gov

For Fed Ex., UPS, Freight:
Sandia National Laboratories
1155 University Boulevard SE
Albuquerque NM 87106

-OR-

For U.S. Mail Only:
Alane J. Dulski
Sandia National Laboratories
MS 1380
P. O. Box 5800
Albuquerque NM 87185-1380

b. Technical Contact, Reports, and Copies of Formal Notices and Communications:

Name: «PIName», Org -MS
Telephone: «PIWorkPhone»
Facsimile: «PIFaxNumber»
E-mail: «PIEmailaddress»

For Fed Ex., UPS, Freight:
Sandia National Laboratories
«PI Org and MailStop»
Building 957
1515 Eubank Blvd. SE
Albuquerque NM 87123

For U.S. Mail Only:
Sandia National Laboratories
<PI Org and Mail Stop>
P. O. Box 5800
Albuquerque NM 87185-

2. For «PartnersName»:

a. Technical Contact, Reports, and Formal Notices and Communications:

Name:
Telephone: «PartnersWorkPhone»
Facsimile: «PartnersFaxNumber»

For Federal Express, UPS, Freight:
«PartnersName»
«Address1»
«CityStateZip»
«PartnersWorkPhone»

For U. S. Mail Only:
«PartnersName»
«Address2»
«CityStateZip»
«PartnersWorkPhone»

APPENDIX C
PATENTS AND TECHNICAL DATA CLAUSES
FOR TDC/UF AGREEMENTS

CLAUSE I PATENT AND COPYRIGHT INDEMNITY-LIMITED

The USER shall fully indemnify the Government and the M&O Laboratory and their officers, agents, and employees for infringement of any United States patent or copyright arising out of any acts required or directed by the USER to be performed under the Agreement to the extent such acts are not normally performed at the facility.

CLAUSE II NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT

The USER shall promptly report and provide reasonable assistance to the Government concerning each notice or claim of patent or copyright infringement based on the performance of this Agreement of which the USER has knowledge.

CLAUSE III INVENTION RIGHTS

A. Definitions

1. "M&O Laboratory" means the Operating Laboratory, which manages and operates the Government-owned, Laboratory-operated facility where the work under this Agreement is to be performed.
2. "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code or any novel variety of plant that is or may be protectable under the Plant Variety Protection Act (7 U. S. C. 2321 et seq.).
3. "USER Invention" means any Invention of the USER conceived or first actually reduced to practice in the course of or under this Agreement.
4. "M&O Laboratory Invention" means any Invention of the M&O Laboratory, conceived in the course of or under this Agreement.
5. "Patent Counsel" means the DOE Counsel for Intellectual Property assisting the DOE Contracting activity.

B. M&O Laboratory's Rights

The M&O Laboratory may elect title to any M&O Laboratory Invention according to the provisions of the M&O Contract.

C. USER's Rights

Subject to the provisions herein, the USER may elect title to any USER Invention and in any resulting patent secured by the USER.

D. Rights of Government

1. The USER agrees to timely assign to the government the entire right, title, and interest in any country to each USER Invention where the USER:
 - a. Does not elect pursuant to Appendix C to retain such rights; or
 - b. Fails to timely have a patent application filed in that country on the USER Invention or decides not to continue prosecution or not to pay the maintenance fees covering the invention; or
 - c. At any time, the USER no longer desires to retain title.
2. The USER shall provide the Government a copy of any application filed on a USER Invention promptly after such application is filed, including its serial number and filing date.

3. The USER hereby grants to the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the USER Invention throughout the world.

4. The USER acknowledges that the DOE has certain March-in Rights to any inventions in accordance with 48 CFR 27. 304-1(g).

5. USER agrees to and does hereby grant to the Government an irrevocable, nonexclusive paid-up license in and to any Invention or discovery regardless of when conceived or actually reduced to practice or acquired by the USER, which is incorporated in the facility as a result of this Agreement to such an extent that the facility is not restored to the condition existing prior to the Agreement.

6. The USER agrees to submit on request periodic reports to DOE no more frequently than annually on the utilization of a USER Invention or on efforts to obtain such utilization that are being made by the USER or its licensees or assignees.

E. Invention Report and Election

1. The USER shall furnish the Patent Counsel a written report containing full and complete technical information concerning each USER Invention within six months after conception or first actual reduction to practice, whichever occurs first, in the course of or under this Agreement, but in any event prior to any on sale, public use, or publication of such invention known to the USER. If USER wishes to elect title to the Invention, such report shall contain USER's notice of election of title.
2. The M&O Laboratory's contract with DOE requires that inventions of the M&O Laboratory will be reported to DOE. In addition, the M&O Laboratory agrees to disclose to the USER any M&O Laboratory Inventions promptly.

F. Preference for United States Industry

Notwithstanding any other provision of this clause, the USER agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any USER Invention in the United States unless such person agrees that any products embodying the USER Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an Agreement may be waived by DOE upon a showing by the USER or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

CLAUSE IV - RIGHTS IN TECHNICAL DATA

A. Definitions:

1. "Technical Data" as used herein means recorded information of a scientific or technical nature including computer software.
2. "Proprietary Data" means technical data which embody trade secrets developed at private expense, outside of this Agreement, provided that such data:
 - a. Are not generally known or available from other sources without obligation concerning their confidentiality,
 - b. Have not been made available by the owner to others without obligation concerning their confidentiality, and
 - c. Are not already available to the M&O Laboratory or the Government without obligation concerning their confidentiality.
3. "Unlimited Rights" means rights to use, duplicate or disclose technical data, in whole or in part, in any manner and for any purpose whatsoever, and to permit others to do so.
4. "Protected TDC/UF Information" means information generated in the performance of this Agreement which is marked as being TDC/UF Protected Information by the USER or the M&O Laboratory and which could have been Proprietary Data had it been obtained from a non-Federal entity outside of this Agreement.

B. The USER agrees to furnish to the M&O Laboratory those data, if any, which are:

1. essential to the performance of work under this Agreement by the M&O Laboratory personnel, or
2. necessary for the health and safety of such personnel in the performance of the work. Any data furnished to the M&O Laboratory shall be deemed to have been delivered with Unlimited Rights unless marked as "Proprietary Data" of the USER.

C. The USER agrees to deliver to DOE a nonproprietary description of the work to be performed under the Agreement.

D. All Technical Data produced in the performance of work under this Agreement by the M&O Laboratory shall, prior to any dissemination, publication, or further disclosure of the data be made available to the USER for review and appropriate marking where such data contain or would disclose the USER's Proprietary Data. The Government has the right to challenge the proprietary nature of any markings on data.

E. The Government is required by law not to disclose properly marked Proprietary Data of the USER outside the Government and the M&O Laboratory. The M&O Laboratory agrees not to use or disclose such Proprietary Data except when necessary for the performance of this Agreement and compliance with the M&O Contract.

F. Either the USER or the M&O Laboratory may designate as TDC/UF Protected Information Technical data produced by its employees, and with the Agreement of the other party, information produced by the other party's employees. All such information shall be appropriately marked. For the period of time indicated in Article X of the USER FACILITY Agreement, which shall not exceed five years from the date the information is produced, neither the USER nor the M&O Laboratory shall further disclose marked TDC/UF Protected Information except:

1. as necessary to perform this Agreement;
2. as required by the Government on-site;
3. as necessary to comply with court order;

4. as necessary for the licensing of Intellectual Property developed under this Agreement, provided similar provisions for non-disclosure are included in such licensing; or

5. as otherwise required by law.

G. The M&O Laboratory and USER will cooperate to separate USER's Proprietary Data from that data generated under the Agreement so that USER may remove its Proprietary Data. Subject to paragraph F. above, the Government shall have Unlimited Rights in any Technical Data (including Proprietary Data) which are not removed from the facility by or before termination of the Agreement. Subject to paragraph F. above, the Government shall have Unlimited Rights in any Technical Data and any Proprietary Data which are incorporated into the facility or equipment under the Agreement to such extent that the facility or equipment is not restored to the condition existing prior to such incorporation. Subject to paragraph F. above, the M&O Laboratory shall have the unlimited right to perform similar or identical services for other USERS at any time as long as the USER's Proprietary data are not utilized.

H. The USER shall grant to the Government and others acting on its behalf a royalty-free, nonexclusive, irrevocable, worldwide license for Government purposes to publish, distribute, create derivative works, translate, duplicate, exhibit, and perform any technical data first produced in the performance of this Agreement in which the USER is the author of any copyrightable expression of such technical data.

(Appendix C revised 7/20/95 Approved by US DOE Patent Counsel)

COMMERCIAL LICENSE AGREEMENT

Between

SANDIA CORPORATION

and

COMPANY X

LICENSE NUMBER: XXXXXXXX

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LICENSE AGREEMENT

This License Agreement, effective on the date of last signature hereto, is by and between Sandia Corporation (hereinafter **Sandia**), a corporation of the State of Delaware having a place of business located in Albuquerque, New Mexico, and COMPANY X International Technologies, Inc. (hereinafter **Company X**), a corporation of the State of New Mexico having a place of business located in Albuquerque, New Mexico.

Article I: Background

- 1.1 **WHEREAS**, Sandia manages and operates a federally-owned facility known as Sandia National Laboratories for the United States Department of Energy (hereinafter **DOE**) under contract DE-AC04-94AL85000;
- 1.2 **WHEREAS**, Sandia has developed and acquired, and may further develop and acquire, Sandia Intellectual Property (as defined herein), and Sandia is, and may further become, the assignee of Sandia Intellectual Property;
- 1.3 **WHEREAS**, Sandia desires to license Sandia Intellectual Property, in support of technology transfer to United States industries to enhance the competitiveness of the United States;
- 1.4 **WHEREAS**, the United States Government is neither a party to nor assumes any liability for activities of Sandia in connection with this License Agreement;
- 1.5 **WHEREAS**, Sandia has either been granted or will request a waiver of title from DOE for Sandia Patents (as defined herein), and permission to assert copyright for Sandia Software (as defined herein). Under the terms of the waiver and permission, the United States Government reserves a nonexclusive license in Sandia Patents and Sandia Software for use by or on behalf of the United States Government;
- 1.6 **WHEREAS**, Company X desires to obtain from Sandia, and Sandia is willing to make available to Company X, a license to Sandia Intellectual Property in accordance with the terms and conditions set forth herein, including the payment of money.

NOW, THEREFORE, in consideration of the agreement between Sandia and Company X, and in consideration of the faithful performance of this License Agreement, it is hereby agreed as follows:

Article II: Definitions

- 2.1 Terms of this License Agreement which are capitalized shall have the meanings established herein.
- 2.2 Sandia and Company X may each be referred to as a **Party** or, collectively, as **Parties** to this License Agreement
- 2.3 An **Affiliate** of a Party shall mean any person, partnership, company or entity that is owned or controlled by such Party. For the purpose of this definition, ownership or control, directly or indirectly, of greater than fifty percent (50%) of the capital stock of a corporation or other entity carrying the right to vote for or elect directors shall be deemed to constitute ownership or control thereof.
- 2.4 **Derivative Works** shall mean any work of authorship that is based on one or more existing works of authorship, and includes any revision, modification, translation, abridgment, condensation, expansion, enhancement, collection, compilation or any other form in which the work of authorship may be recast, transformed or adopted.
- 2.5 **Update** shall mean Derivative Works comprising corrections, bug fixes, minor modifications, minor functional enhancements, or minor feature additions to a computer program or documentation. An Update is customarily denoted by a change in the revision number to the right of the decimal (e.g., **3.10**).
- 2.6 **Version Upgrade** shall mean Derivative Works comprising major changes to, and a new or successor version of, a computer program or documentation. A Version Upgrade is customarily denoted by a change in the revision number to the left of the decimal point (e.g., **4.00**).
- 2.7 **Update Period** shall mean the period from the effective date of this License Agreement to:
 - 2.7.1 the termination of this License Agreement; or

- 2.7.2 twelve (12) months from the effective date of this License Agreement, which ever occurs first.
- 2.8 **Sandia Patents** shall mean:
- 2.8.1 the patents referenced and described in Exhibit 1 of this License Agreement,
- 2.8.2 any patents issuing to Sandia to the extent such patent claims an invention first disclosed sufficient to satisfy 35 U.S.C. § 112 in any of the patent applications and disclosures listed in Exhibit 1 of this License Agreement, and
- 2.8.3 any and all divisions, reissues, substitutes, and foreign counterparts thereof.
- 2.9 **Sandia Base Software** shall mean the computer program(s) referenced and as described in Exhibit 2 of this License Agreement, as amended, which is incorporated by reference hereto and made a part hereof; all technical information and data relating thereto; and any improvements thereto and modifications thereof made prior to the effective date of this License Agreement. However, the term Sandia Base Software shall not include technical information or data acquired from third parties that are subject to nondisclosure restrictions or that require accounting to third parties.
- 2.10 **Sandia Derivative Software** shall mean Derivative Works of Sandia Software, including but not limited to Updates and Version Upgrades of such software, prepared by Sandia within the Update Period.
- 2.11 **Sandia Software** shall mean Sandia Base Software, Sandia Derivative Software and any combination or subset thereof.
- 2.12 **Sandia Trademarks** shall mean the trade and service marks set forth in Exhibit 1 of this License Agreement.
- 2.13 **Sandia Intellectual Property** shall mean Sandia Patents, Sandia Software, and Sandia Trademarks and any combination or subset thereof.
- 2.14 **Company X Patents** shall mean any patent in which Company X has rights, that is reasonably related to the technology relevant to License Agreement.
- 2.15 **Company X Derivative Software** shall mean Derivative Works of Sandia Software made under this License Agreement, including without limitation those listed in Exhibit 3 of this License Agreement, as amended by the Parties from time to time.
- 2.16 **End Users** shall mean third parties that receive and are licensed to use software but not distribute or prepare Derivative Works of such software.
- 2.17 **Company X Support** shall mean goods and services provided to third parties by Company X or under agreement with Company X which facilitate the use of any of Sandia Intellectual Property, including without limitation on-line and telephone response to inquiries relating to Sandia Software and customization of Sandia Software.
- 2.18 **Company X Intellectual Property** shall mean Company X Patents, Company X Derivative Software, and any combination or subset thereof.
- 2.19 **Licensed Activities** shall mean distribution of Sandia Software; distribution of any product including any Sandia Intellectual Property; distribution of any product which would, if unlicensed, infringe any of Sandia Patents; the grant of any license to Sandia Intellectual Property, and provision of Company X Support.
- 2.20 **Net Sales Price** shall mean the gross amount charged in a normal arm's length commercial transaction for goods or services without any deductions other than the following, to the extent that such items are separately stated in invoices or appear as items of allowance in appropriate records,:
- 2.20.1 prompt payment and other trade discounts;
- 2.20.2 allowances for return of defective shipments; transportation and packing charges;
- 2.20.3 sales and excise taxes;
- 2.20.4 and transportation insurance.
- In other than a normal arm's length commercial transaction, the Net Sales Price shall mean the gross amount charged in a normal arm's length commercial transaction for similar goods or services, but in no event less than the fair market value of such goods or services.

- 2.21 **Technical Assistance** shall mean support for installation of, run-time assistance for, and use of Sandia Intellectual Property.
- 2.22 **Government** shall mean the federal government of the United States of America and agencies thereof.

Article III: License and Ownership

Company X's rights in Sandia Intellectual Property

- 3.1 Subject to the terms and conditions of this License Agreement and to the extent of its rights, Sandia hereby grants Company X a royalty-bearing, non-exclusive, nontransferable, worldwide right and license to:
- 3.1.1 use Sandia Software internally;
 - 3.1.2 distribute Sandia Software to End Users;
 - 3.1.3 perform and display publicly Sandia Software;
 - 3.1.4 reproduce Sandia Software as necessary for exercise of the other rights granted herein;
 - 3.1.5 prepare Company X Derivative Software;
 - 3.1.6 make, use, sell, import, offer to sell, and offer to import inventions claimed in Sandia Patents to the extent necessary for the exercise of other rights granted herein; and
 - 3.1.7 mark goods and services provided by Company X with Sandia Trademarks, provided that such goods and services have first been approved for such marking as provided herein.

Sandia's rights in Company X technology

- 3.2 Subject to the terms and conditions of this License Agreement and to the extent of its rights, Company X hereby grants Sandia a paid-up, royalty-free, nonexclusive, worldwide right and license to:
- 3.2.1 Use Company X Intellectual Property internally, for Sandia purposes and on behalf of others;
 - 3.2.2 Distribute Company X Intellectual Property to End Users, provided that such distribution not disclose source code of Company X Software,
 - 3.2.3 perform and display publicly Company X Software;
 - 3.2.4 reproduce Company X Software as necessary for exercise of the other rights granted herein;
 - 3.2.5 prepare Derivative Works of Company X Software; and
 - 3.2.6 make, use, sell, import, offer to sell, and offer to import inventions claimed in Company X Patents to the extent necessary for the exercise of other rights granted herein.

Ownership and reserved Sandia rights

- 3.3 Sandia shall retain ownership of Sandia Intellectual Property at all times. No ownership interest in Sandia Intellectual is transferred to Company X under this License Agreement.
- 3.4 Sandia reserves the right to use Sandia Intellectual Property to make software or products for use by Sandia and for work on behalf of third parties, for sale to other third parties, and for distribution to third parties.

Ownership and reserved Company X rights

- 3.5 Company X shall retain ownership of all Company X Intellectual Property at all times. No ownership interest in any Company X Intellectual Property is transferred to Sandia under this License Agreement.

Other provisions

- 3.6 Express or implied rights beyond the scope of Article III of this License Agreement are expressly excluded.

Article IV: Duties of the Parties

Sandia duties

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- 4.1 Within thirty (30) days of the effective date of this License Agreement or thirty (30) days from the creation of Sandia Software, Sandia shall make Sandia Software available to Company X. Sandia Software shall be delivered to Company X at the address specified in Article X of this License Agreement.
- 4.2 Sandia shall deliver to Company X all Sandia Derivative Software no later than the earliest of:
- 4.2.1 90 days of the creation thereof,
 - 4.2.2 distribution to a third party, and
 - 4.2.3 non-experimental use by Sandia.
- Sandia is under no obligation to make such Sandia Derivative Software. Sandia Derivative Software shall be delivered to Company X at the address specified in Article X of this License Agreement. Sandia may at Sandia's sole discretion, deliver Updates and Version Upgrades of Sandia Software after the Update Period.

Company X's duties

- 4.3 Company X shall deliver to Sandia all Company X Derivative Software no later than the earliest of:
- 4.3.1 90 days of the creation thereof,
 - 4.3.2 distribution to a third party, and
 - 4.3.3 non-experimental use by Company X.
- 4.4 Company X shall provide one hundred and twenty (120) days written notice to Sandia prior to five (5) years from date permission was granted of Company X's desire for Sandia to request DOE's approval to extend the initial period of five (5) years related to Sandia Software as referenced in Article XIII of this License Agreement. In the event that Company X does not provide such notice to Sandia, Sandia is under no obligation to request DOE's approval to extend the initial period of five (5) years as referenced in Article XIII of this License Agreement.
- 4.5 Company X shall comply with the diligence provisions set forth in Exhibit 6 of this License Agreement.
- 4.6 Company X shall provide attribution to Sandia according to Exhibit 7 of this License Agreement.

Duty of both Parties

- 4.7 Trademark Approval Process
- 4.7.1 Company X shall provide to Sandia complete technical specifications and design documentation concerning any goods or services for which approval for marking with Sandia Trademarks is desired. Sandia shall, within four (4) weeks of receipt of such technical specifications and design documentation respond to Company X in one of three ways:
 - 4.7.1.1 a certification that the goods or services, including application and use of Sandia Trademarks, is approved;
 - 4.7.1.2 a request for more information, specifically identifying the additional information required; and
 - 4.7.1.3 a denial of approval for marking of the goods or services.
 - 4.7.2 Company X shall provide to Sandia a sample of any brochure, description, or other information identifying goods or services for which approval for marking with Sandia Trademarks is desired. Sandia shall, within two weeks of receipt of such sample, respond to Company X in one of three ways:
 - 4.7.2.1 a certification that the brochures, descriptions, or other information identifying goods or services, including application and use of Sandia Trademarks, is approved;
 - 4.7.2.2 a request for more information, specifically identifying the additional information required; and
 - 4.7.2.3 a denial of approval for marking of the brochures, descriptions, or other information.

Sandia Technical Assistance

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- 4.8 There is no Technical Assistance under this License Agreement as reflected in Exhibit 5 of this License Agreement.

Article V: License Fees and Royalties

- 5.1 In consideration of Sandia granting the rights and licenses under Article III of this License Agreement, Company X agrees to pay to Sandia nonrefundable fees and royalties in accordance with the terms of this License Agreement and in the amounts set forth in Exhibit 4 of this License Agreement.
- 5.2 Company X agrees to reduce its sales prices for Company X goods and services based whole or in part on Sandia Intellectual Property and provided directly to the Government, by an amount no less than the royalties that would normally be due Sandia for such sales if they were made to customers other than the Government. Company X shall have no obligation to pay royalties to Sandia for such sales. In the event Sandia receives a royalty for such a sale; it will be transferred to DOE.

Article VI: Statements and Payments

- 6.1 For the purpose of computing royalties hereunder, royalties shall be considered earned with respect to distribution of Licensed Activities when payment is received by Company X.
- 6.2 Company X shall deliver to Sandia by January 31 of each calendar year, while this License Agreement is in effect, an annual statement reporting all activities by Company X relating to this License Agreement during the preceding annual accounting period beginning January 1. The statement shall give all information necessary for the determination of royalties payable hereunder. If for any annual accounting period no royalty payment shall be due, Company X shall submit a written statement to Sandia to that effect. All statements shall be delivered to Sandia at the address specified in Article X of this License Agreement.
- 6.3 Company X shall accompany each such statement with the payment of all such royalties due Sandia, computed in accordance with Article V of this License Agreement. All fees or royalties payable by Company X hereunder shall be paid to Sandia at the address specified in Article X of this License Agreement.
- 6.4 Company X shall maintain true and accurate records in such manner and detail as to permit the verification of all royalties paid and all royalties due as set forth in Article V of this License Agreement. Such records shall be made available during ordinary business hours for inspection at Company X's ordinary place of business by authorized representatives of Sandia. Company X shall be obligated to retain these records for five (5) years after each annual statement is rendered to Sandia.
- 6.5 Any taxes, assessments or charges assessed or imposed by a foreign taxing authority, that Sandia shall be required to pay on fees or royalties due Sandia by which result solely from the activities of Company X under this License Agreement, shall be borne by Company X.
- 6.6 Without excusing prompt payment of fees or royalties due, any and all fees or royalties left unpaid after becoming due as specified in Article V and Article VI of this License Agreement shall bear interest at the prime rate in effect as published in *The Wall Street Journal*, on the date the payment of fees or royalties becomes due, plus three (3) percentage points.
- 6.7 The DOE may require Sandia to report on the utilization or the effect of using Sandia Intellectual Property in the commercial marketplace. In this regard, Company X agrees to reasonably cooperate with and assist Sandia in making all such reports.

Article VII: Nondisclosure

- 7.1 Company X agrees to use Sandia Intellectual Property only to the extent necessary, for the enjoyment of Company X's right and license granted under this License Agreement.
- 7.2 For a period of five (5) years from the effective date of this License Agreement, Company X shall not disclose Sandia Intellectual Property to any third party, other than the Government or Company X's actual and potential employees, agents, and contractors except as provided for in this License Agreement, without the prior approval of Sandia. Sandia will not assert any claims against Company X for unauthorized disclosures more than two (2) years from the date Sandia first learns of such disclosure, if such unauthorized disclosure occurred within the above referenced period of five (5) years from the effective date of this License Agreement.

- 7.3 Company X shall limit access to Sandia Intellectual Property and may disclose Sandia Intellectual Property to only those actual and potential employees, agents, and contractors who require access for Company X's enjoyment of its right and license under this License Agreement. Company X shall ensure that such actual and potential employees, agents, and contractors are obligated to treat Sandia Intellectual Property in the same manner and to an equivalent extent as Company X is required to treat Sandia Intellectual Property under this License Agreement.
- 7.4 The existence of this License Agreement may be disclosed for business purposes by any Party, however, the specific terms and conditions of this License Agreement shall remain proprietary information between the Parties and no Party shall disclose the terms and conditions contained herein to any third party unless disclosed to enforce such Parties legal rights under this License Agreement or as required by law, or under confidential conditions and as provided for in this License Agreement.

Article VIII: Scope of Rights and Licenses, Duration, and Termination

Normal termination

- 8.1 The rights and licenses granted herein are perpetual. The obligation to pay royalties continues for 20 years from the date of execution of this License Agreement.

Sandia's reduction or early termination of Company X's rights and license

- 8.2 Sandia may terminate or reduce the rights and licenses granted Company X under Article III of this License Agreement at its sole discretion, effective upon sixty (60) days written notice from Sandia to Company X, if Company X at any time:
- 8.2.1 defaults in the payment of any license fee or royalty, as set forth in Article V of this License Agreement, due to Sandia;
 - 8.2.2 commits any other material breach of this License Agreement and fails to remedy or cure the breach within sixty (60) days after Sandia gives written notice to Company X thereof; or
 - 8.2.3 makes any material misrepresentations of material facts relating to Sandia or this License Agreement.
- 8.3 Sandia may terminate or reduce the rights and licenses granted under Article III of this License Agreement at its sole discretion by giving written notice to Company X in the event that Company X experiences any of the following events:
- 8.3.1 dissolution;
 - 8.3.2 insolvency;
 - 8.3.3 filing of a voluntary petition in bankruptcy (other than reorganization under Chapter 11);
 - 8.3.4 adjudication as a bankrupt pursuant to an involuntary petition;
 - 8.3.5 appointment by a court of a temporary or permanent receiver, trustee or custodian for its business; or
 - 8.3.6 an assignment for the benefit of creditors.
- This termination will become effective immediately upon Sandia giving written notice to Company X.
- 8.4 If rights and licenses granted to Company X under this License Agreement are terminated in accordance with Article VIII of this License Agreement, Company X shall have no further right and license as listed under Article III of this License Agreement, and shall have no further right to receive or possess Sandia Intellectual Property except as provided in Article VIII of this License Agreement. Furthermore, Company X shall immediately return to Sandia all drawings, data, memoranda or proprietary information, in written or physical form, including any electronic formats which contain Sandia Intellectual Property, whether prepared by Company X or Sandia, including all copies in Company X's possession, except as necessary to support Company X's activities under Article VIII of this License Agreement and for archival purposes in Company X's legal department.
- 8.5 Company X shall notify Sandia of any known breach of the terms and conditions of this License Agreement.

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- 8.6 Company X may terminate the rights and licenses granted it under Article III of this License Agreement at its sole discretion, effective upon sixty (60) days written notice from Company X to Sandia. Company X will remain obligated for royalties and fees due before the effective date of such termination.

Surviving Obligations of Both Parties

- 8.7 Termination of either Party's rights and licenses under this License Agreement for any reason shall not relieve either Party of any obligation or liability accrued either before or after the termination.
- 8.8 Specifically, Company X's obligation to pay all royalties as specified in Article V and Exhibit 4 of this License Agreement, Company X's product liability indemnification as specified in Article IX of this License Agreement, and both Parties' nondisclosure obligations under Article VII of this License Agreement shall so survive.

Article IX: Warranty, Liability, and Indemnification

- 9.1 Both Parties warrant that they have the right to grant the rights and licenses in Article III of this License Agreement.

Sandia Patents and Sandia Software

- 9.2 Sandia makes no warranty, express or implied, as to the accuracy, validity, or utility of any Sandia Patents and Sandia Software. Sandia further makes no warranty, express or implied, that the use of any Sandia Patents and Sandia Software will not infringe any United States or foreign patent or copyright. Sandia Patents and Sandia Software are made available to Company X on an "AS-IS" basis.
- 9.3 EXCEPT FOR THE WARRANTIES EXPRESSLY PROVIDED HEREIN, ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO NONINFRINGEMENT OF INTELLECTUAL PROPERTY, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXCLUDED HEREUNDER.**
- 9.4 Neither Sandia, the Government, nor their agents, officers and employees shall be liable for any loss, damage (including, incidental, consequential and special), injury or other casualty of whatsoever kind, or by whomsoever caused, to the person or property of anyone, including Company X, its successors, and assigns, arising out of or resulting from the licenses granted to Company X herein, or the accuracy and validity of Sandia Intellectual Property. Company X agrees for itself, its successors and assigns, to defend Sandia and to indemnify and hold each of Sandia and the Government harmless from and against all claims, demands, liabilities, suits or actions (including all reasonable expenses and attorney's fees incurred by or imposed on Sandia in connection therewith) for such loss, damage (including incidental, consequential and special), injury or other casualty.

Article X: General Provisions

- 10.1 Company X shall not, without the express written consent of Sandia, make any verbal or written statements or perform any act indicating that Sandia endorses or approves, or has endorsed or approved, any Company X product or service. Company X shall, however, indicate that Company X products or services related to this License Agreement are licensed under rights and licenses granted by Sandia.
- 10.2 Nothing contained in this License Agreement shall be construed as conferring any right to use in advertising, publicity or other promotional activities any name, trade name, trademark or other designation of either Party hereto (including any contraction, abbreviation or simulation of any of the foregoing), except to the extent expressly permitted in Article X of this License Agreement. The use of the name Sandia, "Sandia Corporation", "Sandia National Laboratories", the Sandia Thunderbird Logo or any other Sandia mark is expressly prohibited, except as provided for in Article X of this License Agreement.
- 10.3 On all publications and activities involving Sandia Intellectual Property, Company X shall indicate that the publication or activity incorporates technology licensed from Sandia National Laboratories. The location, size, and form of such identification shall be such as to provide reasonable attribution to Sandia.
- 10.4 Notices under this License Agreement shall be sufficient if mailed by certified or registered mail, return receipt requested, if sent by facsimile, if personally delivered to the Parties or if deposited in a nationally recognized overnight carrier. Notices by mail shall be deemed received three days after being deposited in the

COMPANY X LICENSE; LICENSE NUMBER: XXXXXXXX

U.S. mail, certified or return receipt requested or the third business day following the deposit of such notice in a nationally recognized overnight carrier. Faxes shall be deemed received on the day following successful transmission when followed by written confirmation by U.S. mail, certified or return receipt requested or the third business day following the deposit of such notice in a nationally recognized overnight carrier, by the sender. Notices to the Parties as appropriate, shall be sent to the address of such Party specified in Article X of this License Agreement:

For Sandia

Technical contact and delivery of Company X Derivative Software (Express mail, U.S. mail):

Sandia National Laboratories
Atten: George Davidson
REFERENCE; SANDIA LICENSE NUMBER: XXXXXXXX
1515 Eubank SE
Mailstop 0318
Albuquerque, NM 87123
Telephone: (505) 844-7902
Facsimile: (505) 844-2415
Email: mrv Vaughn@sandia.gov

Statements and notices (Express mail, U.S. mail):

Sandia National Laboratories
Atten: Licensing Administration
REFERENCE; SANDIA LICENSE NUMBER: XXXXXXXX
1515 Eubank SE
Mailstop 1380
Albuquerque, NM 87123-1380
Telephone: (505) 843-4187
Facsimile: (505) 843-4163

Statements and notices (U.S. mail only):

Sandia National Laboratories
Atten: Licensing Administration
REFERENCE; SANDIA LICENSE NUMBER: XXXXXXXX
P.O. Box 5800
Mailstop 1380
Albuquerque, NM 87185-1380
Telephone: (505) 843-4187
Facsimile: (505) 843-4163

For Payments

Sandia National Laboratories
c/o Bank of America
REFERENCE; SANDIA LICENSE NUMBER: XXXXXXXX
P.O. Box 25848
Albuquerque, NM 87125

For Company X

Technical contact and delivery of Sandia Software (FedEx, UPS, Freight):

COMPANY X
Attn: Joe Barfoot
REFERENCE: SANDIA LICENSE NUMBER: XXXXXXXX
2201 Buena Vista, SE #211
Albuquerque, New Mexico 87106
USA
Phone: 505-998-4000

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Fax: 505-998-5060
Email: jbarfoot@Company Xint.com

All other notices (FedEx, UPS, Freight):

COMPANY X

Attn: Lynette Johnson

REFERENCE: SANDIA LICENSE NUMBER: XXXXXXXX

2201 Buena Vista, SE #211

Albuquerque, New Mexico 87106

USA

Phone: 505-998-4000

Fax: 505-998-5060

Email: ljohnson@Company Xint.com

- 10.5 The waiver of a breach of this License Agreement, or the failure of either Party to exercise any right under this License Agreement, shall not constitute a waiver as to any other breach, whether similar or dissimilar in nature, or prevent the exercise of any right under this License Agreement.
- 10.6 The Table of Contents and headings used in this License Agreement are for reference purposes only and shall not be used in the interpretation of this License Agreement.
- 10.7 Company X agrees to affix appropriate statutory patent and copyright markings to all materials including Sandia Patents and Sandia Software, and otherwise to modify such notice as Sandia may from time to time direct in conformity with copyright statutes.
- 10.8 Neither Sandia nor Company X will remove or obscure any notice of copyright, patent, trademark, trade secret, restricted, or limited rights, or remove or obscure any export restriction or similar notice, contained on the Sandia Patents and Sandia Software.
- 10.9 This is a license agreement. No agency, partnership, joint venture or other joint relationship is created hereby, and no Party nor its agents have any authority of any kind to bind the other Party in any respect whatsoever.

Article XI: Assignment

- 11.1 Company X shall not, without the prior written consent of Sandia, exercised in Sandia's sole and unfettered discretion, assign this License Agreement or any rights hereunder.
- 11.2 Sandia may assign or otherwise transfer this License Agreement or any rights hereunder.

Article XII: Preference for U.S. Industry

- 12.1 The Parties agree that a purpose of this program is to provide substantial benefit to the United States economy.
- 12.2 Company X agrees that any resulting design and development using Sandia Intellectual Property will be performed in the United States and that resulting products will be substantially manufactured in the United States.

Article XIII: Government Rights and Sponsorship

- 13.1 The Government is granted for itself and others acting on its behalf a paid-up, nonexclusive, nontransferable, irrevocable, worldwide license in Sandia Intellectual Property to practice or have practiced for or on behalf of the Government.
- 13.2 For an initial period of five (5) years beginning on the date permission to assert copyright in Sandia Software was granted to Sandia by DOE, the Government is granted for itself and others acting on its behalf a paid-up, nonexclusive, irrevocable, worldwide license in Sandia Software to reproduce, prepare Derivative Works, perform publicly and display publicly.

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- 13.3 Beginning five (5) years after permission to assert copyright is granted to Sandia by DOE, the Government is granted for itself and others acting on its behalf a paid-up, nonexclusive, irrevocable, worldwide license in Sandia Software to reproduce, prepare Derivative Works, distribute copies to the public, perform publicly and display publicly, and to permit others to do so. Subject to DOE approval, the initial period of five (5) years described in paragraph 13.2 of this License Agreement, may be extended for successive five (5) year periods. The DOE approval will be based on the standard that Sandia Software remains commercially available, and the market demand is being met.
- 13.4 MARCH-IN RIGHTS. The Parties agree and understand that the Government retains “march-in” rights, in accordance with the procedures set forth in 37 CFR 401.6 and any supplemental regulations promulgated by the DOE.
- 13.5 NEITHER THE GOVERNMENT, THE DOE, NOR ANY OF THEIR EMPLOYEES, MAKES ANY WARRANTY, EXPRESS OR IMPLIED, OR ASSUMES ANY LEGAL LIABILITY OR RESPONSIBILITY FOR THE ACCURACY, COMPLETENESS, OR USEFULNESS OF ANY INFORMATION, APPARATUS, PRODUCT, OR PROCESS DISCLOSED, OR REPRESENTS THAT ITS USE WOULD NOT INFRINGE PRIVATELY OWNED RIGHTS.**
- 13.6 Company X acknowledges that the DOE has audit and inspection rights over all activities conducted at Sandia’s location. Company X hereby permits the exercise of such rights in conjunction with Company X’s activities which may involve proprietary information disclosed to Sandia hereunder; provided, however, that any disclosure to DOE is further protected under 18 USC 1905.

Article XIV: Export Control

- 14.1 Company X shall abide by the export control laws and regulations of the United States Department of Commerce and other United States governmental regulations relating to the export of goods or technical data related to Sandia Intellectual Property. Failure to obtain an export control license or other authority from the Government may result in criminal liability under U.S. laws.

Article XV: Patent Prosecution

- 15.1 Reserved

Article XVI: Controlling Law

- 16.1 This License Agreement is made in Albuquerque, New Mexico, U.S.A., and shall be governed by and construed in accordance with the procedural and substantive laws of the State of New Mexico except as these would require the application of the laws of another jurisdiction. The Parties agree to the exclusive jurisdiction of the courts of New Mexico or the United States District Court of New Mexico.

Article XVII: Force Majeure

- 17.1 If either Party is prevented from or delayed in carrying out any of the provisions of this License Agreement by reason of any natural disaster, war, accident, labor disturbance, breakdown of plant or equipment, lack or failure of transportation facilities, sources of supply of labor, raw materials, power or supplies, or by reason of any law, order, proclamation, regulation, ordinance, demand or requirement of any government or any subdivision, authority or representative of any such government, the Party so prevented or delayed shall be excused from performance to the extent and during the period of such prevention or delay.

Article XVIII: Severability

- 18.1 In the event that any one or more of the provisions contained in this License Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this License Agreement, and such clause shall be severed only to the extent such clause is invalid, illegal, or unenforceable.

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Article XIX: Entire Agreement

- 19.1 Each Party warrants and represents that the execution and delivery of this License Agreement by Sandia and Company X has not been induced by any promises, representations, warranties or other agreements, other than those specifically expressed. This License Agreement includes Exhibit 1 through Exhibit 5 and embodies the entire understanding between Company X and Sandia with respect to rights in Sandia Intellectual Property and Company X Intellectual Property.
- 19.2 No modification of this License Agreement shall be valid or binding upon the Party against whom enforcement of the modification is sought, unless the modification is made in writing and signed by duly authorized representatives of both Sandia and Company X.
- 19.3 This License Agreement is binding and shall inure to the heirs, assigns or successors of the Parties to this License Agreement.

IN CONSIDERATION OF THE FOREGOING TERMS AND CONDITIONS, Company X and Sandia have caused this License Agreement to be executed in duplicate by their duly authorized representatives. This License Agreement will be effective on the last day and year written below.

Approved as to Legal Form

SANDIA CORPORATION:

By: _____
David L. Goldheim

Title: Director, Corporate Business Development
and Partnerships Center

Date: _____

COMPANY X

By: _____

Title: _____

Date: _____

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Exhibit 1: Sandia Base Patents, Applications, Disclosures, and Trademarks

1.1. SD-6851 (DOE# 96528)

Extending Data-Flow-Based Simulation with World Modules for Interaction Phenomena

XXXXXX is a data-flow-based simulation system that extends the capabilities of specific world modules, which can be used to simulate interaction phenomena (such as radio and acoustic communications, visual and other sensing, and contact dynamics, involving large or undetermined numbers of devices or components). World modules have ports and can update certain data of the proxy modules associated with them, without recompilation, while the port-based simulation is running. XXXXXX's architectural advance is applicable to both discrete-event simulation and to hybrid continuous-time-discrete-event simulation.

1.2. Sandia trademarks

XXXXXX

Exhibit 2: Sandia Base Software

2.1. SCR-402

XXXXXX

XXXXXX is an object-oriented framework for rapidly and dynamically building simulation applications. The visualization routines run asynchronously from the simulation routines allowing the user to adjust the visualization rate from real-time to turning it off completely. In the XXXXXX framework, simulations are made up of a collection of component "Modules" which communicate through XXXXXX connectors. A library of modules exists for intelligent machine applications but XXXXXX provides a module template to allow users to create new modules for other applications. XXXXXX also allows several world models to exist simultaneously. XXXXXX modules can access information from each of these world models as needed. This enables modeling an object's behavior as a function of several different "loosely-coupled" environments. XXXXXX enables a user to parameterize the simulation to allow the user to interact in real-time for querying information or steering the simulation. XXXXXX is useful because it allows reuse of components/modules from earlier projects, provides a framework for constructing new ones, and allows for rapid reconfiguration of existing ones. It does all of this with minimal performance overhead.

Exhibit 3: Company X Derivative Software

Reserved

Exhibit 4: License Fees and Royalties

4.1. Up-front fees

4.1.1. Company X shall pay an up-front license fee of twenty thousand dollars (\$20,000), payable as follows:

4.1.1.1. Ten thousand dollars (\$10,000) due within 12 months of the execution date of this License Agreement. The ten thousand dollars (\$10,000) will be waived if Company X delivers to Sandia the Manuals and Documentation as referenced in Exhibit 6 of this License Agreement before the date the payment is due.

4.1.1.2. Ten thousand dollars (\$10,000) due within 24 months of the execution date of this License Agreement. This payment will be waived by Sandia if Sandia and Company X participate in development activities relating to Sandia Intellectual Property, funded by or through Company X, and total at least ten thousand dollars (\$10,000).

4.2. Running royalties

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- 4.2.1. Company X shall pay a running royalty of ten percent (10%) of the Net Sales Price of Licensed Activities to Sandia. Where distribution is bundled with development services, 10% of total price unless Company X establishes fair market value of the XXXXX distribution.

Exhibit 5: Technical Assistance

- 5.1. There is no Technical Assistance under this License Agreement.

Exhibit 6: Diligence

- 6.1. Company X will prepare a book (hereinafter the “**Manual(s)**”) and add comments to the source code (hereinafter the “**Documentation**”) relating to Sandia Software, of completeness and quality usual in the industry, within 12 months of the execution date of this License Agreement. Sandia shall, within four (4) weeks of receipt of such documentation and manuals respond to Company X in one of three ways:
 - 6.1.1. an approval that the Manual and Documentation are approved as to completeness and quality usual in the industry;
 - 6.1.2. a written response specifically identifying additional information required in such Manuals and Documentation. Such information, if and when incorporated into the above Manuals and Documentation; would be approved by Sandia as to completeness and quality usual in the industry; or
 - 6.1.3. a denial of approval for the Manuals and Documentation.
- 6.2. Company X will provide support for users of Company X’s commercial version of Sandia Intellectual Property at commercially reasonable terms.
- 6.3. Company X will provide software development, configuration management, etc., in development of Company X Derivative Works.
- 6.4. Company X will allow Sandia to reasonably participate, to the extent allowed by DOE and on a non-interference basis with other obligations, with Company X in defining future improvements and enhancements to Sandia Intellectual Property and future application libraries.

Exhibit 7: References

- 7.1. On all Company X publications and Licensed Activities involving Sandia Intellectual Property, Company X shall indicate that the publication or Licensed Activity incorporates technology licensed from Sandia National Laboratories under Sandia License Number XXXXXXXX . The location, size, and form of such identification shall be such as to provide reasonable attribution to Sandia and such size and form shall be not be smaller than that applied to Company X attribution.

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